Daily Report

Latin America

FBIS-LAT-95-198
Friday
13 October 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-198 *13 October 1995*

CONTENTS

CARIBBEAN

Cuba

Radio Program Examines New U.S. Policy Toward Nation *[Havana Radio]* 1
Spokesman: Country 'Will Not Cede an Inch' of Sovereignty *[PRENSA LATINA]* 3
Envoy Blames UN's 'Major Benefactor' for Financial Crisis *[PRENSA LATINA]* 4
Russia's First Deputy Prime Minister Continues Visit 4
Reaffirms Commitment To Restoring Ties *[PRENSA LATINA]* 4
Delivers Message From Yeltsin *[Havana Radio]* 5
Meets Economy Minister *[PRENSA LATINA]* 5
Minister Explains Foreign Investment Law *[Barcelona LA VANGUARDIA 8 Oct]* 6
Mexican Official on Cooperation To Fight Drug Trafficking *[NOTIMEX]* 7

Haiti

Deputies Sworn In, Predict Prime Minister To Be Replaced *[Port-au-Prince Radio]* 8
Parliament Lavalas Majority Expects Michel To Resign *[Port-au-Prince Radio]* 9

MEXICO

President Continues Visit to U.S. 11-12 Oct 10
Agenda Outlined *[NOTIMEX]* 10
Visits Washington, New York *[Mexico City TV]* 11
Concludes Visit, Assesses Results *[NOTIMEX]* 11
Article Assesses NAFTA's Performance *[LA JORNADA 7 Oct]* 12
Editorial Blames IMF, World Bank, Washington for Crisis *[LA JORNADA 9 Oct]* 14

CENTRAL AMERICA

Costa Rica

Ecuador's Dahik Flees to Costa Rica, Seeks Asylum 16
Stops Over in Cali *[Madrid EFE]* 16
Minister on Dahik's Arrival in Country *[ACAN]* 16
Minister: Dahik Requests Asylum *[ACAN]* 16

El Salvador

Deputy Comments on U.S. Immigration Bill *[San Salvador Radio]* 16

Guatemala

Six 'Rebels' Appear in Court *[LA NACION 17 Sep]* 17
Marijuana Farms Worth $10.7 Million Seized *[LA NACION 26 Sep]* 18

Nicaragua

Hillary Clinton Makes 1st Stop on Latin American Tour *[ACAN]* 18
Government Protests Colombian Seizure of Vessel *[NOTIMEX]* 19

Panama

Local 907 Not 'Consulted' About Military Bases' Stay *[LA PRENSA 10 Oct]* 19

SOUTH AMERICA

Argentina

Government Requests Extradition of Military Rebels *[NOTICIAS ARGENTINAS]* 20

Obeid Elected Santa Fe Governor *[NOTICIAS ARGENTINAS]* 20
Poll Indicates People Approve of Agreement on Falklands *[LA NACION 11 Oct]* 20

Bolivia

President Criticizes U.S. Antidrug Policy *[Paris LE MONDE 12 Oct]* 20
Government Postpones Capitalization Policy Deadline *[EL MUNDO 28 Sep]* 21

Brazil

Clinton Decision To Ease Embargo on Cuba Praised *[FOLHA DE SAO PAULO 9 Oct]* 21
Itamaraty Notes U.S. Barriers on National Meat, Fruit *[GAZETA MERCANTIL 4 Oct]* 22
Foreign Investment Drops 99.9 Percent in Sep *[JORNAL DO BRASIL 12 Oct]* 22
Informal Car Import Quotas for Argentina Under Study *[FOLHA DE SAO PAULO 11 Oct]* ... 23
Mercosur Also Interested in Approval of Patents Bill *[GAZETA MERCANTIL 4 Oct]* 23
Text of Four-Year Plan Published *[O ESTADO DE SAO PAULO 7 Sep]* 24

Chile

'Controversial' Hillary Clinton Seeks 'New Image' *[Santiago TV]* 29
Patrol Boat Being Built for Mauritius *[EL MERCURIO 25 Sep]* 30
Christian Democratic Leader Views Fiscal Policy *[EL MERCURIO 5 Oct]* 30
Signing of Economic Cooperation Accord With Peru Expedited *[EL MERCURIO 1 Oct]* 31
Mutual Confidence Measures Assessed With Peruvian Officers *[EL MERCURIO 26 Sep]* 32
World Police Congress Closes in Santiago *[EL MERCURIO 7 Oct]* 32

Colombia

Reports on Possible Samper Investigation, Drug Money 33
Court Sanctions Investigation *[Santa Fe de Bogota TV]* 33
Samper on Drug Money, Other Issues *[Madrid EL PAIS 8 Oct]* 33
Samper: 'No Possibility Whatsoever' of Coup *[Santa Fe de Bogota TV]* 36
Cartel Communications Leader Arrested *[Santa Fe de Bogota TV]* 36
Assistant Prosecutor Charged *[Madrid EFE]* 37
Senators Hail Samper's Patriotism *[Santa Fe de Bogota Radio]* 37
Minister: Rebel Tactics Change With Assassination *[Santa Fe de Bogota TV]* 38
Paramilitary Group Threatens Union Members *[Santa Fe de Bogota TV]* 38
Defense Minister Interviewed on Military *[Santa Fe de Bogota Radio]* 39

Ecuador

Reports, Comments on Vice President's Resignation 46
Dahik Fears For Family *[ACAN]* 46
Congressmen Consider Censuring President *[Madrid EFE]* 46
Duran-Ballen: Ruling on Dahik 'Unfair' *[Madrid EFE]* 47
Economic Officials Concerned Over 'Crisis' *[Madrid EFE]* 48
Conservatives Resign Public Posts *[Quito Radio]* 48
Dahik Communique on 'Persecution' *[Quito Radio]* 48
Dahik Seeking Asylum in 'Friendly Country' *[Madrid EFE]* 49
Nebot: Dahik Request 'Inappropriate' *[Madrid EFE]* 49
Alarcon Calls Session on Resignation *[Quito Radio]* 49
PID: Decree on Accounts 'Unconstitutional' *[Madrid EFE]* 50
President Names New Government Minister *[Quito Radio]* 50
Army Commander Denies Alleged Coup Threats *[Madrid EFE]* 51

Paraguay

Gen. Lino Oviedo Compared With Gen. Colin Powell *[ABC COLOR 24 Sep]* 52

Banks Issue Guidelines To Control Money Laundering *[ABC COLOR 10 Oct]* 52
President Wasmosy Pleased With Plan *[ABC COLOR 10 Oct]* 53
Uruguayan Central Bank Breaks Off Relations With Paraguay *[ULTIMA HORA 10 Oct]* 54
Foreign Minister on Attempted Swindle by Foreign Banks *[ULTIMA HORA 4 Oct]* 54

Peru

PRC's Li Peng Meets Congress President *[Lima TV]* 54
Report: IMF Policy Causing Recession, Unemployment *[LA REPUBLICA 28 Sep]* 55
Popular Action Party Elects New National Secretary *[EXPRESO 1 Oct]* 56

Uruguay

Poll: Sanguinetti's Popularity Wanes, Mayor Arana's Rises *[EL OBSERVADOR 4 Oct]* 56

Cuba

Radio Program Examines New U.S. Policy Toward Nation

PA1310035495 Havana Radio Rebelde Network in Spanish 1700 GMT 10 Oct 95

["Straight Talk" program with host Osvaldo Rodriguez and guest Luis Sexto]

[FBIS Translated Text] [Rodriguez] On today's program we will discuss Clinton's decision regarding Cuba with Luis Sexto. Luis, Clinton has recently clearly defined his policy towards Cuba. He has decided to support the Torricelli law and to lift some of the August 1994 prohibitions. I recall that these prohibitions were several such as, Cubans living in the United States were prohibited from traveling to Cuba, no funds could be sent to Cuba, and many other restrictions regarding trade between Cuba and the United States. I would like you to analyze the situation because many people are happy with this situation. I think that of the two possible options, this one is the mildest, however, it still seeks to strangle us. One option would be strengthening the blockade, this would strangle us quickly. The other option, the one they have chosen — which they think is a slower death for us — this the so-called Track Two.

[Sexto] I agree with you. Clinton has defined his policy towards Cuba. I think that for a long time the Clinton Administration has been immersed in rhetoric. What I mean is that they were ambiguous. To a certain degree, this made them different from other U.S. administrations.

[Rodriguez] This also labeled them as being weak.

[Sexto] True, they were considered weak. The administration's undecidedness also meant that they were on very unfriendly grounds. I think Clinton has just defined his policy. He has opted for the Torricelli law. I think that opting for the Torricelli law is a way of opposing the Helms-Burton bill. If the Helms-Burton bill is approved by the U.S. Senate it will create diplomatic conflicts between the United States and their allies. I think Clinton's option tries to prove that the Helms-Burton bill's approval is not necessary because the same goals can be reached with the Torricelli law. I think no Cuban believes that Clinton's decision to soften the prohibitions implemented on 20 August 1994 — he has softened them only superficially — means any type of change in U.S. policy towards Cuba. I believe it is the same policy, but, in a different shade. The blockade continues and it has not been lifted. The Torricelli law supports the blockade. There is no change or transformation in U.S. policy towards Cuba.

[Rodriguez] As you said before, they have defined their position.

[Sexto] Yes, the Clinton Administration has defined itself. The Torricelli law is not the blockade, but it has strengthened the blockade. We could say that it has come to legally systemize the blockade. The blockade exists and trade between Cuba and the United States does not exist. The United States pressures other countries trying to prevent them from trading or investing in Cuba. They have been doing this even before the existence of the Torricelli law. The Torricelli law — a federal law — comes to give all of those measures a nuance of legality and of government policy.

[Rodriguez] It institutionalizes the blockade.

[Sexto] Yes, it institutionalizes the blockade. The pressure and all of the other measures have existed during 35 years and the Torricelli law does not modify that in any way. It may seem like it modifies them, but it does not modify anything.

[Rodriguez] Undoubtedly, Clinton's position has its supporters and its enemies. Of course, the enemies are the extreme right from Miami and the extreme right in the United States. These are the ones who have promoted and who support the Helms-Burton bill. Who would the Helms-Burton bill favor?

[Sexto] Who would it favor?

[Rodriguez] No, I mean Clinton's decision, who does it favor?

[Sexto] You mean Clinton's decision to support the Torricelli law and the extensive use of both of its tracks or alternatives? I think the extreme right from Miami has drifted away from Clinton — due to his decision — because those extreme right wing fascists want something much more violent and quick regarding anti Cuban policies. I think that is why they have distanced themselves from Clinton.

[Rodriguez] Luis, you have told us who has distanced themselves from Clinton, based on his decision. However, I asked you: Who does his decision favor?

[Sexto] It certainly does not favor us! Who does it favor? Well, Clinton's electoral and political interests notwithstanding this favors the United States' geopolitical strategies. The blockade's goal is one, to reinstate our dependence on them. To impose a regime that will serve and respond only to the United States. That is the blockade's goal and none other.

Therefore, Clinton's strategy, the implementation of the Torricelli law — in both of its tracks, the hard line policy and the good neighbor policy — seeks only to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

hammer us, from the outside and from the within. These exchanges can hammer us from within. It can soften us up from within. We can not fool ourselves, there are those living abroad who want annexation, but, also there are those living in Cuba who also want annexation.

Perhaps, based on their ideology, their material interests, lack of knowledge of history, or because they are politically naive, there may be some Cubans who think that the Torricelli law's track two — scientific and cultural exchanges, as well as exchanges in the communications sector with the United States — could mean something positive for Cuba. I believe these exchanges could bring us something positive, cultural exchanges are always positive. However, we must always bear in mind that behind these exchanges there is a strategy of destruction. Behind this is the cancer virus, which corrodes from within.

[Rodriguez] Here in Cuba, some people believe the track two option will be successful.

[Sexto] I admit that there is a tendency favoring annexation here in Cuba. This tendency supports and promotes Cuba's dependency on the United States. If they have not been more active it is because it has not been possible. They are here and they have always been present throughout Cuban history, Jose Marti warned us of this. Annexation will always be a tendency obstructing the republic's path. There is no doubt that this tendency does exist. In his book, Vindication of Cuba — a book against annexation — Jose Marti wrote that there are goodwill Cubans who think that annexation is something good for Cuba. That is Cuba's struggle right now. It is Cuba's historic struggle and has been so during more than 150 years. We must defend ourselves from a country that wants to possess Cuba. A country that once possessed Cuba, later lost it, and now wants to possess it again. That is the essence of the blockade. That is what the Torricelli law's famous Track Two policy — the good neighbor policy — is all about!

[Rodriguez] Do you think this policy will be successful?

[Sexto] There are people in Cuba who think it will.

[Rodriguez] No, I want to know if you think the United States can achieve its goal with this so-called Track Two policy?

[Sexto] I am no fortunetelle.! I am going to give you a patriotic answer. I believe that while our people...

[Rodriguez, interrupting] No, not a fortuneteller, but, an analyst!

[Sexto] I cannot give you an answer! What do you want me to say? It might be successful in Cuba. There are people in Cuba who have softened up, others are naive, and there are others who are enemies of the Revolution and Cuba. This policy could come to influence these people's conscience and in doing so it would be successful. It could make things harder for Cuba.

[Rodriguez] What can we do to prevent this from happening?

[Sexto] The majority of Cubans must have one thing very clear, the contradiction between Cuba and the United States. Cuban people are not anti-Yankee just for the sake of being anti-Yankee. Cuba is anti-Yankee in response to the United States' being anti-Cuban. There is no doubt of that.

[Rodriguez] We are not xenophobes!

[Sexto] That is correct. As Jose Marti said: Cubans love Abraham Lincoln's country as much as they fear [word indistinct]. Cubans love the land of true democracy — democracy promoted by Abraham Lincoln — as much as they fear imperialism. Cubans are frightened of a country that is trying to take over and make a living from us, from its backyard.

[Rodriguez] Clinton has opted for the famous Track Two, trying to strangle the Revolution little-by-little.

[Sexto] That makes things harder for Cuba. A Cuban specialist and we here have said it many times, it is easier for us to fight them on the battlefield — even bearing in mind the huge difference — than it is to fight them at a political and ideological level. It is much harder for us this way.

[Rodriguez] However, today we do not need to get involved in a fight on the battlefield because or economy is...

[Sexto, interrupting] Correct, but our economy's situation will make an ideological fight very difficult. We have something against us, the Revolution's ideology has not been able to solve all of the Cuban people's problems. These problems exist and have been enhanced due to the blockade, there is no doubt. The blockade is the Cuban economy's first problem. If the blockade ends our problems will have an easy solution. The blockade stands in the way of a quick solution to our problems. No one has any doubts on that issue.

[Rodriguez] The blockade is not going to be lifted. Clinton has not said he was going to lift the blockade.

[Sexto] Correct, the blockade is still there, pressuring and bothering us. Clinton's position represents a challenge for us. It means that we are going to have to fight. We can not close ourselves off. We can not close our

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

doors or become belligerent about this. We must accept the challenge, bearing in mind that there is something sacred — for all Cubans and Cuba's history — in play here, Cuba's independence.

This is a war between independence and dependence, between being a nation or becoming a non-nation, and between being or not being Cubans. That is what it's all about! Some people will be able to resolve their problems. These scholarships and cultural exchanges can help certain people resolve their problems. However, we are not interested in resolving the problems of one, two, or three individuals. We are interested in resolving Cuba's problems. Those problems which affect the majority of the people. As Fidel has said — I think he is absolutely right — the issue is saving the Revolution and our country, which are the same thing. The Revolution defends our fatherland's independence. Cuba without the Revolution and in the path of our enemies would be totally defenseless and unarmed. We must accept the challenge and we must consider taking advantage of these exchanges to benefit Cuba. However, we should not get our hopes up. These exchanges seek our destruction.

[Rodriguez] Let me point something out, I think that we should speak up against blockading ourselves, this could happen. Someone here might say, we will blockade ourselves and not send anyone on these exchanges. I think that would not be an intelligent thing to do.

[Sexto] That is why I said — just a moment ago — not to close our doors. We must accept the challenge. Our people must be aware that the Revolution will continue as long as the people support and desire it. Therefore, our people must have their goals very clearly established. The goal is independence, there is no doubt. To understand Cuba's present we must understand Cuba's past. We Cubans must review our history very often.

[Rodriguez] You are right. We now face the same problem we faced for the first time 150 years ago. Many thanks to Luis Sexto for talking about Clinton's new option for Cuba.

Spokesman: Country 'Will Not Cede an Inch' of Sovereignty

PA1310000995 Havana PRENSA LATINA in Spanish 2101 GMT 12 Oct 95

[FBIS Translated Text] Havana, 12 Oct (PL) — The Cuban government today stressed that "it will not cede an inch of its sovereignty in light of the new measures on Cuba North American President William Clinton announced on 6 October."

"Cuba is not shying away from exchanges; we are interested in making exchanges, but exchanges made in good faith, not those made with the stated objective of changing our political, economic, and social organization system," a foreign relations ministry spokesman said.

The measures Clinton announced are aimed at, according to what the U.S. president said, promoting a larger flow of ideas between the two countries and at favoring Cuba's peaceful transition toward a type of society called "free and open."

According to the U.S. President's announcement, U.S. news agencies could open permanent bureaus in Havana; the trips of exchange regarding educational, religious, and human rights matters would be promoted; and nongovernmental organizations could carry out a wide variety of activities in the island.

The measures, which failed to modify the economic blockade that has lasted for more than 30 years, are included in the so-called "Track II" of the Torricelli law, which is an instrument that has been used as a foundation for the North American administration's current policies on Havana.

Foreign Ministry spokesman Miguel Alfonso underscored that what the U.S. executive branch could decide is one thing and its implementation in Cuba is another thing.

"All measures, such as the ones recently announced, require the authorization of the Cuban side for their implementation; we are not interested in ceding an inch of our sovereign prerogatives," the spokesman stressed.

Alfonso wondered what the reaction of any country that might be in Cuba's position would be if another nation enacted a law with the stated objective of changing the country's established system.

"I wonder," he pointed out, "how the U.S. or British legislators, for instance, would react if someone thought about a similar law for the United States or the United Kingdom."

In his usual weekly meeting with the domestic and foreign media, the foreign ministry official explained that the island has received donations for many Cuban nongovernmental organizations, such as "Caritas," which is linked to the Catholic Church, and that local authorities have always welcomed these donations.

However, he also explained that importing products and the donation of money are subjected to certain regulations of Cuban law.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

"Regardless of how much certain U.S. haggard individuals tend to think that if their country could unilaterally decide who is going to rule in Cuba or what they are going to do here, they must understand that these intentions have to be weighed against Cuba's sovereign prerogatives," he affirmed.

Questioned on the meaning his country gives to the visit a large delegation of North American businessmen made to Havana last week, Alfonso assessed that "its significance is unquestionable."

"This proves, once more," he went on, "that many large U.S. firms are truly interested in determining to what extent it is possible to maintain normal commercial and financial relations with the island."

President Fidel Castro, Vice President Carlos Lage, and other government leaders and officials welcomed the group of businessmen, formed by 65 top executives from large U.S. companies and corporations."

Envoy Blames UN's 'Major Benefactor' for Financial Crisis

PA1210194195 Havana PRENSA LATINA in Spanish 2023 GMT 11 Oct 95

[FBIS Translated Text] United Nations, 11 Oct [PL] — Cuba said today that the so-called UN financial crisis is not due to the delay in payments from developing nations but to the withholding of payments for political reasons.

Bruno Rodriguez Parrilla, Cuba's permanent representative to the United Nations, accused the UN's major benefactor — without naming the United States specifically — of withholding payments for well known reasons.

Rodriguez admitted during the debate on the draft 1996-1997 budget that most developing nations, including Cuba, are in no position to meet their obligations.

Rodriguez pointed out that the reasons for this are well known and that it is not by chance that the General Assembly and other forums are addressing the need to promote international cooperation in the best interest of the developing nations' economic progress.

The Cuban representative said that the fact that a significant number of countries cannot make their payments does not justify withholding payments for political reasons.

Rodriguez confirmed that his delegation disagress with proposed funding levels for internal administrative activities — this concern receiving top priority without the consent of member nations — and for realizing the purposes and principles of the UN Charter and other UN General Assembly resolutions.

The representative asked that budget negotiations be carried out in good faith, with genuine political concern and full recognition of the principle of the equality of members in the best interest of the Charter.

Russia's First Deputy Prime Minister Continues Visit

Reaffirms Commitment To Restoring Ties

PA1210202995 Havana PRENSA LATINA in Spanish 0023 GMT 12 Oct 95

[FBIS Translated Text] Havana, 11 Oct (PL) — Cuba and Russia today reaffirmed that they are committed to achieving the level of political, economic, and trade relations that existed before the USSR's breakup.

First Deputy Prime Minister Oleg Soskovets and the high-level delegation accompanying him met Carlos Lage, Council of State vice president, and high-ranking local authorities for official talks this morning.

Lage commented on the fraternal relationship between the former USSR and Cuba: "Our close relationship complements our vision of what Russo-Cuban economic and trade relations can be."

Lage stressed that "the time is ripe for us to honor our agreements in full" and that the Cuban economy has shown signs of improvement since 1994.

He reported that this year's GDP rose 0.7 percent compared to 1993 and that the island's authorities expect to close 1995 with a growth level of between two and three percent, with noticeable improvement in sugar production.

Soskovets stressed that "Russia must realize the important legacy of relations with Cuba."

He said that his country's economic stability this year offers an adequate framework for the development of trade and cooperation with the largest of the Antilles.

"Our relationship is much more than commercial," the Russian first deputy prime minister said. He added that he was carrying a letter from President Boris Yeltsin for Fidel Castro, his Cuban colleague.

Soskovets said that Yeltsin's letter lays down the fundamental principles and tendencies that he believes should serve to guide relations between the two countries.

Trade between Cuba and the former socialist countries — the USSR proving the largest trading partner — amounted $8.753 million — 79.1 percent of the island's total trade — in 1989.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Trade levels dropped 49.4 percent to $4.428 million in 1991, following the collapse of East European socialism and the USSR's breakup.

The two countries signed new trade agreements in July 1993 that guaranteed Cuba basic supplies for the sugar harvest (fertilizers, herbicides, fuels, etc.), which allowed Havana to export no less than 2 million tonnes of sugar.

The agreements also included Russian credit worth $380 million to complete 12 investment and unfinished projects, such as maintaining technical facilities at the Juragua nuclear plant in Cienfuegos Province.

Cuba's problems with the 1993-1994 sugar harvest and Russia's economic problems seriously affected compliance with those agreements, even though the trade figure for that year surpassed $350 million.

Cuban Foreign Minister Roberto Robaina today described this Russian delegation's visit — the most important delegation to travel to the country following the USSR's breakup — as "a new stage."

Robaina told Soskovets at the Foreign Ministry that his trip takes place "under new circumstances" for both countries, now wishing to "leave behind" difficulties that emerged in recent years.

Isabel Allende, vice foreign minister for European affairs, stressed that Soskovets' visit proves that Russo-Cuban relations have been renewed after having been bogged down since the USSR's breakup.

Allende added that this is just one more high-level exchange between the two countries: Past exchanges included the visits of former Deputy Prime Minister Vladimir Shumeyko to Havana in 1993 and of important Cuban delegations to Moscow, the most recent being that of Foreign Trade Minister Ricardo Cabrisas and Foreign Minister Robaina.

Spokesmen for the visiting delegation confirmed to PRENSA LATINA that the main goal of the talks is to increase cooperation in areas that were created through the technical cooperation of what was then the USSR.

The sources stressed just how important Moscow considers this mission, which includes high-ranking government officials, an Armed Forces mission headed by Armed Forces Chief of Staff Mikhail Kolesnikov, and business and banking representatives.

Among the committee members who arrived in Havana yesterday are representatives who deal in trade, nuclear energy, oil, and food processing.

Delivers Message From Yeltsin

PA1310045695 Havana Cuba Vision Network in Spanish 0100 GMT 13 Oct 95

[Report by Ismael Tantau; from the "NTV" newscast]

[FBIS Translated Text] Oleg Soskovets, first deputy chairman of the Russian government, today met with Jose Luis Rodriguez, Cuban vice president of the Council of Ministers and minister for economy and planning. After the two sides expressed [passage indistinct] Commander in Chief Fidel Castro, president of the councils of state and ministers, to whom Soskovets handed a message from Russian President Boris Yeltsin.

Soskovets said that this message deals with establishing new principles in the bilateral economic relations.

Among other issues, Rodriguez spoke about the steps that Cuba is taking to join the world economy and the difficulties and achievements of this process. Before this meeting, the Russian high level delegation [passage indistinct] international soldier, Antillana de Acero, among other areas of mutual interest.

Meets Economy Minister

PA1310025595 Havana PRENSA LATINA in Spanish 2345 GMT 12 Oct 95

[FBIS Translated Text] Havana, 12 Oct (PL) — Russian First Deputy Chairman Oleg Soskovets said today in a meeting with Cuban Economy Minister Jose Luis Rodriguez that Cuba has chosen the correct road to join the international economy.

Referring to the possibility of increasing economic and commercial ties with the Caribbean island, he said Russia's current economic recovery will sponsor exports and its financial capability to invest abroad.

Moreover, the Cuban minister offered him a detailed explanation of Cuban economic activities in five years, period in which the country faced a major crisis due to the abrupt reduction of trade with the former Soviet Union.

Rodriguez reasserted the government's intention to reform the economy according to the world market's principles, a process that is being gradually carried out to reduce the costs of this adjustment.

Among other measures implemented, the minister mentioned the policy of attracting foreign capital to ample national sectors and the elimination of state monopoly on foreign trade, an activity in which more than 250 state and private enterprises currently participate.

Also, the Russian delegation visited today the Russian radio electronic facility (Lourdes Base), the Cuban steel

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

works, and deposited a wreath at the unknown soldier's tomb, located in the outskirts of Havana.

The delegation led by Soskovets arrived at this capital on Tuesday and is comprised of 130 members, including the transportation and civil defense ministers, as well as seven vice ministers in the atomic energy, agriculture, foreign economic relations, foreign relations, fuel, and finance sectors, among others.

Minister Explains Foreign Investment Law

BR1210144395 Barcelona LA VANGUARDIA in Spanish 8 Oct 95 p 4

[Interview with Foreign Investment Deputy Minister Raul Taladrid by Marta Forn in Havana; date not given: "The Need for Dollars is Strangling the Cuban Economy" — first three paragraphs are introduction]

[FBIS Translated Text] Havana — Fidel Castro's regime depends economically on the dollar. In order to ensure an influx of foreign currency, the People's National Assembly has liberalized investment by foreigners. The new investment law is more flexible and opens up all sectors — except health, education, and defense — to market forces. Cuban economists have transformed this first investment law to reflect worldwide practices and the current economic situation in Cuba and, above all, to preserve the interests of the state.

There are two opposing rhythms in Cuba: the one set by foreign currency, and the sluggish rhythm of the national currency. The dollar establishes privileges for a few — those who have a family abroad and those who live from tourism. The peso's value fluctuates in relation to the dollar. Currently 25 pesos amount to one dollar. The new law's thrust has been somewhat dampened by the U.S. Congress' approval of the Helms-Burton Bill. According to Cuban Foreign Investment Deputy Minister Raul Taladrid, this law is slowing down the economic liberalization process which has begun in Cuba. "The United States is trying to extend the blockade to third countries, but they are the ones to suffer most because they cannot invest."

According to the deputy minister, since 1994 more than 200 U.S. companies have shown interest in operating on the island. "They are missing the boat and they are aware of their handicap compared to other countries. The Helms-Burton Bill is absurd and retrograde, something out of the Cold War."

[Forn] Cuba lives in step with two different rhythms, that of the dollar and that of the Cuban peso.

[Taladrid] We are aware that we have created privileges, but we are confident that we can cope with these privileges, provided we retain the basic justice of our society, that is, our socialism. If we manage to preserve the revolution's conquests in the fields of health, education, and social security, we will be able to manage and assimilate these differences.

[Forn] Is the foreign investment bill a law made by Cubans for foreigners?

[Taladrid] We need foreign currency, the Cuban economy is highly dependent on its economic relations with the outside world, and this need is the point where our economy could be strangled. We are seeking foreign currency because the government cannot solve anything with pesos. The new law does not exclude anybody, either from abroad or from within the country. If a Creole resident in the country turns up with dollars, we will study his investment proposal.

[Forn] What does the approval of a project depend on?

[Taladrid] We must see if the proposal interests us, given that we must preserve the nation's interests, rather than private or sector-based interests. Our great advantage is that there are no vested interests in the country, and therefore we can create the sort of economy that suits us best.

[Forn] Is the hiring of the workforce bilateral?

[Taladrid] A direct contractual link is retained between the foreign company and the Cuban body. In every sector there is a contracting Cuban body which supplies the necessary workforce, thus preventing any industrial disputes between the foreign partners and the workforce. The contracting body will offer the best possible workforce, and will moreover ensure that cheap labor is not exploited.

[Forn] Do industrial conflicts exist in Cuba?

[Taladrid] There are no strikes because we have national solidarity.

[Forn] Will the workers be paid in foreign currency or in the national currency?

[Taladrid] Wages will be in pesos, and the company will agree to pay the wages in convertible currency. The surplus value will go to the state, which will redistribute it through the services. We have created differences enabling foreign currency to enter the country, but we do not want a society based on privileges. Nor will we allow cheap labor to be exploited, and we will only agree to dignified working conditions.

[Forn] Economic experts are saying that the Cuban Government will be receiving $300 a month per worker, and that the workers will earn 300 pesos, that is, about

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

$12. What percentage of the workers' wage will be kept by the state?

[Taladrid] We have not yet considered this. It will depend on individual cases.

[Forn] The foreign investment bill has changed in form, not in content, given that a state monopoly still exists. A dual economy is maintained, investments are studied individually, contracts are bilateral, no-one is allowed to sell to third parties.

[Taladrid] The bill has been thoroughly discussed by the National Assembly. Work began over a year ago, and the laws of other countries were studied. A process took place which made the law legitimate in Cuba. Foreign investment is consolidated and is legitimate. The approval of investments is still based on their individual merits to ensure that investments are integrated into the country's development and interests. Legislation allows three types of investment: mixed companies; an international economic partnership contract; and 100-percent foreign investment. The bill only rules out investment in the education sector, the health sector, and the armed forces, except for the latter's companies.

[Forn] Can an investor sell freely to third parties?

[Taladrid] Whoever authorizes the investment also authorizes transfers. The law establishes that, if the foreign partner wants to leave, he may, and Cubans have the first purchase option. We want to know who our partners are because we do not want any dirty money being laundered here. We are not going to associate just with anybody. Investments will be carried out through nominal rather than ordinary (negotiable) shares.

[Forn] What will be the pace of investment?

[Taladrid] There are currently more than 200 business deals under way, 500 foreign companies established on the island, and 212 mixed companies which have been set up. Over the past two years, $2 billion have been invested.

[Forn] Which countries are investing?

[Taladrid] The top three are Mexico, Canada, and Spain. Spain is investing basically in tourism.

Mexican Official on Cooperation To Fight Drug Trafficking

PA1210233495 Mexico City NOTIMEX in Spanish 2033 GMT 11 Oct 95

[FBIS Translated Text] Havana, 11 Oct (NOTIMEX)—Cuba and Mexico are negotiating agreements on legal assistance and extradition to strengthen their common fight against drug trafficking, an official from the Office of the Attorney General of the Republic (PGR) of Mexico said here today.

Victor Corso, the PGR's general director for international legal matters told NOTIMEX that Cuba's geographical position and its policy of economic openness make it a "strategic spot" in the fight against drug trafficking.

Corso is in Cuba attending the Seventh National Meeting of Directors of National Institutions in charge of Fighting Drug Trafficking, (Honlea, English acronym), from Latin America and the Caribbean.

A bilateral meeting to discuss the matter is scheduled for the second week of November.

The meeting will review draft of agreements, as well as joint efforts in actions against drug trafficking.

Cuba could become part of a plan for international coordination, like the Triangle Program [Programa Triangulo], which Mexico, Belice, and Guatemala began in September, Corso added.

The plan is aimed at "blocking the drug traffickers' routes and logistic support," said Corso.

"It is a tentative regional operation, following Central America's request for Mexico's support," Corso noted. "Cuba could be incorporated to that plan," he stressed.

Corso said that future agreements between Mexico and Cuba will allow, on one hand, mutual support to facilitate evidence in criminal proceedings, and on the other hand could speed up extradition cases, which are currently only regulated by the 1948 Montevideo Convention.

Mexico has also shared with Cuba its experiences in fighting money laundering. Cuba's openness to foreign investment "could encourage drug traffickers," to attempt laundering operations, Corso said.

Until now, Mexico has provided Cuba with equipment to detect and classify drugs, and strategic information, while Cuba has given information on interceptions, Corso noted.

Corso believes the mechanisms for air interception applied by Mexico "make the sea route an unavoidable channel for drug traffickers." The illegal transportation of drugs by sea "has substantially increased," he said.

"For that reason Cuba plays an important role, besides being an intermediate point between Colombia and the United States, which is the largest market in the world," Corso said.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Haiti

Deputies Sworn In, Predict Prime Minister To Be Replaced

PA1210185595 Port-au-Prince Radio Galaxie in French 1130 GMT 10 Oct 95

[Report by Wesly Brutus; from the "0600-0830 Newscast" — passages within slantlines in Creole]

[FBIS Translated Text] Parliament opened on 9 October, with 62 of 74 deputies in attendance. The deputies, elected in the 25 June, 13 August, and 17 September elections, showed up at the National Assembly yesterday afternoon to take the oath of office. A new office, headed Ernst Pedro Casseus — considered the senior-most deputy in the lower chamber — was opened during the ceremony.

Two of the deputies predicted that Prime Minister Smarck Michel will lose his job. The deputies, who were highly critical of the 45th legislature, believe that the 46th legislature will honor the people's demands. Wesly Brutus reports:

[Begin recording] [Brutus] Only 62 of the 74 deputies showed up for the Chamber of Deputies roll call, which ended with news of the opening of a new provisional office. Ernst Pedro Casseus, 62 — the senior-most deputy in the 46th legislature — heads the new Chamber of Deputies office. Guy Metayer and (Martial Chena Pierre), both 26, have been appointed as secretaries to that office. The president and his secretaries then took the stage to invite their colleagues to form six 10-member commissions to begin the swearing-in process.

Torbeck Deputy Fritz Robert Saint-Paul spoke with us on the sidelines about the political line that the 45th legislature should take. The deputy made a point of accusing former colleagues in the 45th legislature of taking advantage of the Haitian people's trust. He contends that no thought went into the selection of candidates. He believes that the 46th legislature — made up of militants from grassroots organizations — will honor the people's demands, adding that many laws will be drafted to help meet this end.

[Saint-Paul] /The people realized in the three years following the coup d'etat that those they voted for in 1990 supported, for example, the state-sponsored terrorism that prevailed during those years. This means that...[pauses] I think that...[pauses] There is now...[pauses] I think that the contexts are different, insofar as...[pauses] I also think that the political parties in 1990...[pauses] How did they choose the candidates? The candidates told them that they were popular in such and such an area and that they would win in such and such an area. They did not bother to learn more about these candidates, such as whether they were thieves or whether they had problems within their districts. (?The parties) promoted them even more as a means of making their mark. If you take a look at all those elected to the legislature under the lavalas banner, they are either militants of people's organizations or people who always toed the proper line. The people chose these people themselves. The organizations nominated them. These people did not just decide to be candidates. This is what happens in the great majority of cases. This is a plus./

[Brutus] The deputy believes that Smarck Michel's days as prime minister are numbered and that Michel has failed to live up to the people's expectations.

[Saint Paul] /The president will appoint a prime minister from among the Lavalas majority. Everything will take on a new dimension with a new government. Smarck Michel's government is merely dealing with day-to-day duties. It has lost all foundation for legitimacy.

[Brutus] /How do you explain that?

[Saint-Paul] /The preceding or former legislature gave him the thumbs up on his general policy. There is nothing to indicate that this new legislature will give the thumbs up to his general policy, considering the service he is providing in the little time that he has to lead the country./

[Brutus] Grande Riviere du Nord Deputy Francois Ferdinand agreed with Saint-Paul. He predicts that that Chamber of Deputies will deliver a vote of no-confidence in Prime Minister Smarck Michel.

[Ferdinand] /It would be society's decision, communicated through the Chamber [words indistinct].

[Brutus] /Why would the public want Prime Minister Smarck Michel out of office?

[Ferdinand] /They feel that [words indistinct] everyone feels that the prime minister is not doing enough to satisfy their interests.

[Brutus] /What is the public's biggest complaint about Michel?

[Ferdinand] /The biggest complaint they have is that the prime minister is not on the people's side./

[Brutus] We understand that the head of state will select a new prime minister from the Lavalas majority in parliament very soon. We await word from the upper chamber on this matter. The new deputies have been sworn in and have been accorded all their privileges. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Parliament Lavalas Majority Expects Michel To Resign

PA1310005795 Port-au-Prince Signal FM Radio in Creole 1130 GMT 12 Oct 95

[From the "The 0730 Appointment Newscast"]

[FBIS Translated Text] Several senators have already reacted to the validation of the powers and taking of oaths of the new senators at the Legislative Palace on 11 October.

There are senators who say that as the 46th legislature lays its foundations, the days of the Smarck Michel government are counted. The Lavalas majority in both the lower chamber and the Senate remain quite hostile to Michel's policy. Let us listen to the statements of Senator Edgard Blanc, Jr. and Jean Toussaint who say they are working so as to give the country a government that is different.

[Begin unidentified senator recording] I think this is not the way the problem is posed. There is a new majority within the parliament and, since there is this new majority, Prime Minister Smarck Michel and his government are expected to resign. This does not mean that they are going to dismiss him, no. He is considered to be resigning. I think it is said from this moment that the president must choose a new prime minister. He might propose Smarck Michel again. Anyway, the parliament will have to give a verdict on the general policy of this government. There is a new majority within the parliament. The prime minister had a vote of confidence from a majority that was there and that is no longer there. I think the minimum we can do is to wish that he resign. I think we must be clear about that. He should resign. Then, although he may be sent before us once again according to the choice they make, according to the choice they make in concerted action, then we will cast a vote of confidence or nonconfidence on him. [end recording]

The president of the National Assembly, Senator Firmin Jean-Louis, does not share this idea although he says the government has taken many actions that should be criticized. Jean-Louis thinks any actions aimed at dismissing the current prime minister should be very well thought out first, by weighing the pros and cons. Let us listen to the explanations of Firmin Jean-Louis.

[Begin Jean-Louis recording] (?It is up) to a senator to think what he wants but as for me, I believe that there are certainly many things to reproach the current government for. But if they do not have true reasons, I think they should think about it because we just have a few months to spare before the presidential elections, which will be held perhaps in December or January. There are very important files to manage, and every new government would perhaps be bound to be involved in a process of understanding at least the current issues. Right now Prime Minister Smarck Michel is managing the issues. The Senate might very certainly require some modifications, certain orientations from the government on specific issues. But if they are going to change government, they must surely have good reasons. They must surely present arguments convincing us of the need to have a new government for the upcoming days, weeks, and months. [end recording]

This was the reaction of Senate president Firmin Jean-Louis on the rumors of a possible dismissal of Haitian Prime Minister Smarck Michel.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

President Continues Visit to U.S. 11-12 Oct

Agenda Outlined

PA1210233695 Mexico City NOTIMEX in Spanish 1958 GMT 11 Oct 95

[By Jose Lopez Zamorano]

[FBIS Translated Text] Washington, 11 Oct (NOTIMEX) — Mexican President Ernesto Zedillo today concluded the first part of his visit to the United States, where he received the firm support of his U.S. counterpart, William Clinton, and expressions of confidence in his country's economic recovery.

Zedillo, who is following his agenda of meetings with political, legislative, and business leaders in New York, voiced here the belief that his visit will strengthen the bilateral relations and will consolidate the two country's exemplary good neighbor policies.

"Mexico and the United States are not and must never be alienated from one another. There are and there must always continue to be communications through wider paths and wider bridges of understanding, always respecting our respective sovereignties," Zedillo said.

Clinton, who welcomed him warmly on 10 October, praised the "vision" and "unbreakable determination" of President Zedillo to overcome the crisis, to preserve the path to economic reform, and to deepen the democratic process.

"You have been able to make a far-reaching economic reform compatible with an unprecedented move toward democracy by opening the doors to political participation," Clinton affirmed.

"We support your goal of an open, dynamic, and democratic Mexico, which is an inspiration for the region and the entire world," the U.S. head of state told Zedillo, who will end his state visit, which started on 10 October, on 12 October.

Zedillo and Clinton, who met for the third time since November 1994, broached a varied range of issues included in the bilateral agenda and made tangible agreements on migration, ecological, commercial, and drug matters.

Regarding immigration, they agreed that it is important to respect the rights of immigrants and the bilateral cooperation programs, such as the pilot program to repatriate the relapsing illegal aliens to their countries of origin.

As for environmental matters, Zedillo and Clinton considered that it is relevant to continue to work for a clean and safe border and maintain the bilateral cooperation programs, such as Border 21, in order to improve the conditions in the area. The two countries also agreed to conduct an ecological survey at the border to pinpoint the priorities per sector.

With regard to the commercial arena, the presidents resolved, in principle, a dispute on tires and advanced in two other conflicts regarding wine trade and courier services, amid advisers' opinions that a final agreement could be reached soon.

Mexico voiced its interest in accomplishing the lifting of the tuna embargo, the repeal of which depends on the U.S. Congress changing the corresponding law. The United States reaffirmed its determination to promote the end of the trade sanction.

The economic and financial issues had an important place in the agenda of meetings between the two heads of state and their delegations.

The presidential meeting took place after Mexico made the first payment for $700 million to cover the $12.5 billion Washington lent as part of the aid package granted to contribute to the efforts against the financial crisis.

In varied forums, Clinton praised Mexico's economic performance. Before the IMF, the U.S. President explained that the success of the Mexican plan must be regarded as a tribute to Zedillo's valor and determination.

The two chiefs of state agreed to emphasize NAFTA benefits for regional progress and voiced their conviction that the agreement helped expedite Mexico's economic recovery.

The Mexican president also followed a hectic agenda of meetings with Republican and Democratic leaders in Congress, Hispanic legislators, and business leaders.

Newt Gingrich, speaker of the U.S. House of Representatives, pointed to the strategic importance of the relations with Mexico and reaffirmed his support for the financial package. "Our economic future is linked to that of Mexico and, together, we will create a more prosperous region," he underscored.

Zedillo also participated in a meeting with World Bank official James Wolfensohn and IMF executive Michel Camdessus, whom he thanked for the support granted to his country.

In Washington, the Mexican president also emphasized the significance of moving forward with the reform on international financial organizations in an effort to help prevent and resolve economic crisis such as the one Mexico experienced.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Visits Washington, New York

PA1210225795 Mexico City XEW Television Network in Spanish 0400 GMT 12 Oct 95

[Report by Guillermo Ortega; from the "24 Hours" newscast]

[FBIS Translated Text] [Ortega] Good evening, Mr. Zabludovsky. Pleased to greet you this time from New York City where President Ernesto Zedillo arrived this afternoon after finishing his official activities in Washington.

The last activity this afternoon was a lunch at the OAS with President Bill Clinton where the climate and the speeches were marked by the same cordial and warm atmosphere which surrounded the Mexican president's stay in Washington.

Here, in New York, President Zedillo attended a dinner this evening with the Economic Club with more than 1,500 people in attendance. Every seat in the Grand Salon where the dinner took place was filled. Businessmen who attended this dinner listened attentively to the Mexican President who gave a straightforward explanation of what has occurred in Mexico recent months in regards to the financial crisis which has affected us since December.

Before dinner, the president met with the Mexican-U.S. Businessmen's Council headed by former U.S. Commerce Secretary Robert Mosbacher. Then, in private, he met with officials of 15 of the leading and most important companies in the United States. Important companies represented were General Electric, Kodak, and AT&T. In this meeting, the businessmen announced significant investments in Mexico of between $10 to 12 billion to be made in the next four of five years. It was an interesting meeting during which the businessmen expressed their confidence in Mexico and the Mexican president told them that Mexico was a good place for investments, and that in the future it would be an even better option for investments. After listening to the foreign investors' plans for investing in Mexico, President Zedillo said this was music to his ears and that he was very encouraged that despite the crisis the investment plans of these important U.S. investors were intact.

After dinner, we spoke briefly with the Mexican president, and this is what he told us regarding his meeting with the U.S. investors.

[Begin Zedillo recording] I believe it has been a very fruitful visit. I hope that it will be fruitful to our nation's economy. We are here to explain the difficulties which Mexico has faced, the way in which we are overcoming this challenge, and to explain that Mexico's outlook is very positive because this year our people have made great efforts and I am sure that the benefits of this effort will be seen soon. Thank you. [end recording]

This morning, in Washington, President Zedillo met with congressmen and Hispanic leaders. He met again with President Clinton and with members of the U.S. Chamber of Commerce. It was an important meeting because there, the president was able to explain what the effects of the economic crisis have been and the magnitude of the recovery, which is being achieved in a shorter period than was expected. President Zedillo referred to the instability of the financial markets registered in recent days and to the drop in the value of the peso versus the dollar. Zedillo said this was a transitional situation and that soon the peso will gain stability in the market.

Afterwards, the president traveled to New York City and held a number of meeting regarding economic issues. Tomorrow he will meet separately with members of the editorial board of the WALL STREET JOURNAL and the NEW YORK TIMES, the two most influential newspapers in New York City. Later he will meet with the U.N. Secretary General Boutros Boutros-Ghali. They will have lunch, and then President Zedillo will go to the airport where he will take a plane for Mexico City where is expected to arrive at 1930 hours on Thursday. This is our report from New York City, Mr. Zabludovsky.

Concludes Visit, Assesses Results

PA1310044395 Mexico City NOTIMEX in Spanish 0151 GMT 13 Oct 95

[FBIS Translated Text] New York City, 12 Oct (NOTIMEX) — Mexico's political stability "is everyone's responsibility," President Ernesto Zedillo said here today shortly before concluding a state visit to the United States that began on Monday.

Zedillo said that "inasmuch as we, the government, the political parties, and the media, do our share," and "are capable of promoting political reform, the country will have political stability."

The "political stability of the country is everyone's responsibility," Zedillo affirmed during a news conference held in New York City to conclude his visit to the United States that included a trip to Washington.

The head of state said that many of the things being debated in Mexico openly "are merely a clear signal of the necessary opening and the strengthening of democracy in our country."

The calls to strengthen Mexican democracy heard in different sectors of the country, Zedillo noted, reflect

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

one of the postulates of his political campaign and the government he began last 1 December.

The president said that the Institutional Revolutionary Party (PRI) and the other Mexican political parties must play an "active" and "positive" role in the national political reform. Prompted by reporters questions, he denied the PRI is obstructing the way.

"I have no evidence that the PRI has obstructed political reform. The PRI has not been the one to withdraw on more than one occasion from the table of negotiations (on the state reforms)," the Mexican president replied.

During the news conference, as well as during several of his speeches in Washington and New York, Zedillo stated that on some occasions the opening is erroneously seen as a problem of political stability.

At this news conference held at the John F. Kennedy Airport terminal, Zedillo assessed his trip and pointed to the strengthening "with mutual respect" of relations with the Washington administration.

"This visit is a confirmation of the policy of mutual respect" between the countries in which the possibility of advancing in the different issues of the bilateral agenda grows stronger, he added.

"The progress has been gradual, accumulative, and systematic. What we have done during this visit is to reaffirm the path of dialogue, constant communication," and reject unpleasant surprises by one of the two countries, he noted.

When commenting on the war on drugs and the laundering of money this illicit activity entails, the president announced the Mexican Congress will shortly receive proposals to reinforce domestic control.

He explained that in the current legislation this offense is basically linked to tax matters and becomes inadequate today.

Before the news conference, the president lunched with UN Secretary General Boutros Boutros-Ghali and met with the editorial boards of THE WALL STREET JOURNAL and THE NEW YORK TIMES.

Zedillo and the UN secretary general reviewed topics of the international agenda, with particular emphasis in encouraging the peace process in Guatemala, in which Mexico serves as host.

Article Assesses NAFTA's Performance

PA1210124595 Mexico City LA JORNADA in Spanish 7 Oct 95 pp 1,40

[Report by Patricia Munoz Rios]

[FBIS Translated Text] Twenty months after its implementation, the expected benefits of the NAFTA are practically nonexistent, it has not propitiated any new investments thus creating "more and better" productive jobs, it has not encouraged any drop in domestic prices, and neither has it prompted any stable and permanent conditions allowing Mexican goods to access U.S. markets.

Contrary to its objectives, during the year and nine months NAFTA has been in effect, Mexico has so far broken three of its economic historical records. According to the Finance and Public Credit Secretariat [SHCP], the unemployment level reached its most shocking level, the country recorded its greatest trade deficit in modern history, amounting to $18.540 billion in the first year of the agreement alone. In addition to what was previously mentioned, an unprecedented volume of speculative investments has also been recorded.

NAFTA has not done much to diminish trade disagreements between Mexico and the United States, and neither has it done much to salvage the country's market from unfair commercial practices. On the contrary, the number of trade disputes has multiplied and so far the country occupies the fourth place among those nations that resort to the implementation of trade sanctions.

Figures released by the International Trade Practices Unit of the Commerce and Industrial Development Secretariat [Secofi] indicates that between 1994 and the past nine months of 1995, Mexico has applied final and temporary compensation quotas to at least 12 imported items entering the country unfairly from the United States.

During this same period the Secofi launched an investigation into several goods imported from the United States, suppressed quota to one article, completed six evaluations, rejected two requests from Mexican businessmen calling for penalties against U.S. suppliers, and reviewed three cases related to compensation quotas.

The official information explains that since the early days of February 1994 up until August 1995, Mexico has carried out investigations into dumping and unfair practices against the following goods originating from the United States: Assorted sizes of steel pipes, beef, steel sheet plaques, galvanized laminate, steel plaques in tube, flat steel, bond paper, drilling tubes, vinyl floors, acrylic fiber, hot and cold laminated rolls, gasoline

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

pumps, cellulose fillings, gasoline additives, caustic soda, ammonium phosphate, sodium carbonate, diethyl hexane, rubber, vinyl acetate.

This means that not only have long-lasting commercial disagreements between the United States and Mexico related to items such as tuna fish, steel and cement not been solved, but that the tariff war between both nations has become even more marked. On the other hand, to date, rules of origin have not been able to deter illegal practices such as three-party transactions, and on customs issues, the promise of the new guidelines granting legal assurances to all imports and eliminating discretionary practices has failed to materialize.

Trade Balance

The official sector's explanation in its claim that NAFTA has been productive to Mexico is to point to the trade surplus recorded since the beginning of the year. Nevertheless, when the country recorded a trade deficit last year the SHCP claimed that a this was essential in order to encourage growth.

With respect to the trade surplus, during a recent interview, Juan Autrique, president of the National Association of Mexican Importers and Exporters [ANIERM], explained that "honestly" speaking, the country is recording a surplus thanks to the assembly plant industry. He added that if this sector were to be deducted from the overall trade balance that indicator would "end up even." The ANIERM president stressed that even if the amount of Mexican goods sold abroad had increased during the current year, the number of exporting companies still continues to be minor - nearly 300 - and the majority are multinational corporations based in the United States.

The Costs of NAFTA

NAFTA's most immediate cost to Mexico will be that the government will fail to receive nearly $4.2 billion nuevos pesos as result of the elimination of customs taxes on goods originating from the United States and Canada.

In the business sector, the effects of deregulation combine with the financial crisis despite efforts by government officials to keep both separate. A recent poll carried out by the Private Sector Center for Economic Studies [CEESP] points out that large corporations are the ones mostly benefiting from NAFTA, while the majority of the smaller ones caution that they have been affected negatively by the trade agreement.

A second poll conducted by the CEESP during the month of August 1995 reveals that even though the number of exporting companies has indeed increased, this fact is still not too significant. The companies interviewed point to export restrictive factors, such as high financing costs, and insufficient external demand due to the saturation and competition taking place in the international markets.

More than nine months after being instituted, it is quite evident that sectors which, according to NAFTA advocates, were to be the ones to detonate exports, are still showing a deficit. Such is the case with the agriculture, forestry, and fisheries sectors where trade balance declined by 438 percent during the first year of the agreement, the textiles division where the deficit increased by 20 percent, and the automobile sector were imports increased during the past year by 800 percent according to figures released by the National Institute of Statistics, Geography, and Information Science [INEGI].

Another of the arguments expounded by those who promoted the signing of the free trade agreement was that it would encourage direct foreign investments. Without any doubt, during the first year of the agreement U.S. investments in Mexico represented 49.9 percent of the total amount when one year before - without NAFTA - it amounted to nearly 71.5 percent. On the other hand, portfolio investments, in other words, investments in the financial market - mostly in U.S. hands - dropped by 6.55 percent during the same time period. Information disclosed by the Bank of Mexico [Banxico] points out that the United States not only brought investment capital into the country but also took out.

Item Per Item *Goods Traded.* According to the Secofi, 80 out of every 100 Mexican goods were sent to the United States and Canada with a zero customs tariffs prior to NAFTA.

The agreement poses severe tariff contradictions in more than 20 productive networks which could represent an irreparable damage to the country's industrial sector insofar as finished goods ended up without tariffs while raw materials are being taxed. *Automotive.* The deregulation agreed in NAFTA forecasts perilous consequences to the automotive sector because instead of turning into an exporting platform it is rapidly becoming an importing network. The Mexican Association of Automobile Distributors points out that 72,000 vehicles were imported during 1994 which represents an 800 percent increase with respect to the 9,000 vehicle units imported in 1993.

The increase in automobile imports is due to the "Mexican" automobile industry's goal "to concentrate its production in a few models to produce on a massive scale so as to result in a more competitive situation." That is

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

why in the near future these companies will reduce the number of models offered and will complement their business with imported models.

In addition, the increase in automobile imports by automobile assembly plants responds to a multinational corporate reorganization plan, removed from the national automobile industry. Nevertheless, the integration of these large assembly plants is excluding hundreds of Mexican companies. *Textiles and clothing.* In this sector the trade balance deficit increased from $754.8 million in 1993 to $911.6 million in 1994, that is, the negative balance increased 20.7 percent as a result of increase in imports compared to exports in the first year of the NAFTA.

The National Chamber of the Clothing Industry points out that in 1993 the industry sold 1.53 million pants. However, in the following year, with NAFTA, the export quota was fixed at 650,000, almost one-half of the total number of pants exported in 1993, despite the fact that with NAFTA the majority of sales quotas for Mexican products were increased. *Energy and petrochemical basic industries.* Although NAFTA established that Mexico would maintain sovereignty over these goods, a thorough study conducted by the Mexican Network of Action Regarding Free Trade warns that Mexico reduced a list of products which were considered strategic and classified them as secondary products, which represent a certain liberalization.

Paragraph four of annex 602.3 of the agreement evades the constitutional mandate regarding oil issues which forbids risk contracts and establishes that these must be paid in cash not in kind. Financial agreements have been reached outside of NAFTA which in practice give partial concessions to private companies under the guise of service contracts.

Agricultural sector. The agricultural, forestry, and fisheries trade balance deficit increased 438 percent from $138 million to $693 million in the first year of the agreement. Processed foods imports increased while 70 percent of export sales are concentrated in five products: coffee beans, beer, fruits, canned vegetables, and lumber, showing a lack of vigor in exports.

While in 1988, agricultural products exports were 16 percent of total exports, at present they are only 7.6 percent of total exports.

In the cattle industry, a sector which has had very positive exports, Texas and New Mexico intend to implement discriminatory measures not included in international technical guidelines to stop the import of Mexican beef by implementing non-tariff barriers. Meanwhile, national producers warn that the volume of U.S. pork entering Mexico duty-free is "sizable enough to depress that market." They believe that the conditions that were negotiated for the sector are seriously affecting the market. *Service trade along the border.* Specifically, regarding cargo shipments, Mexico College researcher Victor Islas conducted a study in which he estimates that in the first years of NAFTA, 30 percent of the Mexican companies in that business will fold, as long as Mexican companies have an average fleet of 30 to 40 trailers, while their U.S. counterparts already possess fleets an average 2,000 to 3,000 trailers per company. *Telecommunications.* The opening due to NAFTA has resulted in the national market passing into the hands of large corporations. The manufacturing of communications equipment is almost 100 percent in the hands of foreign companies. In regards to service, the international companies have associated themselves with national monopolies. Thus, in less than two years since the liberalization, foreign firms such as Southwestern Bell, France Telecom, MCI, Iusacell, Sprint, Bell Atlantic, Domos, Alfa, Motorola, Norcel, Trunking Valladares, ATT, Intercom, and others, have established themselves in the local market *Rules of origin.* NAFTA establishes that these regulations will prevent resale or triangulation. However, in addition to creating confusion between importers and exporters, the regulations have not solved the issue of unfair competition. Importers have cheated. For example, Chinese articles have their stickers changed in Hong Kong or Taiwan and certificates of origin are drawn up according to the buyer's whims.

Faced with the results of the first years of NAFTA, social organizations in Mexico, the United States, and Canada have spoken of the urgency to renegotiate the agreement to guarantee a more equitable trade opening, above all to incorporate a social agenda and the immigration issue. Likewise, manufacturing and industrial organizations, including the business leaders, have requested a reopening of the agreement to change the mechanisms for solving disputes and adapt the agreement to the new reality of companies.

Editorial Blames IMF, World Bank, Washington for Crisis

PA1210224095 Mexico City LA JORNADA in Spanish 9 Oct 95 p 2

[Editorial: "The Lost Twenty Years"]

[FBIS Translated Text] In the past five years, Mexico's foreign debt has increased by more than $20 billion (from $73.352 billion to $93.536 billion between February 1990 and June 1995), despite that during that period, the refinancing terms with foreign creditors were

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

in force. This refinancing was celebrated — on 4 February 1990 — as the definitive solution to the debt problem. The economic crisis that erupted following last December's devaluation was a categorical denial of this optimistic idea, and it demonstrated that the country's foreign indebtedness — be it through credit packages or cetes [treasury certificates] and tesobonos [treasury bonds] — remains a focus of instability and economic precariousness. In addition, the crisis triggered an umpteenth round of sacrifices and shortages for a majority of the population.

Almost 20 years after the country's first devaluation crisis — at the end of 1976 — it is possible to establish that Mexico has transferred more than $162 billion abroad to pay off foreign debt interests. Despite that enormous drain of resources — which were extremely necessary for the local economy for infrastructure, education, health, housing, and rural projects — in that period the principal of the debt not only increased, but quadrupled.

In the first half of the 1980's, the expression the lost decade was coined to refer to the economic and social crisis signified by the generalized indebtedness crisis of Latin America. Today, in light of the said data, it does not seem exaggerated to talk about the lost twenty years. We must admit that those who, a decade ago, warned that the foreign debt — Mexico's and Latin America's — is not payable were right. They were also right when they warned that complying with the regulations for financial exchange between North and South would lead to repeat increasingly serious cycles of insolvency crisis, emergency loans in exchange of letters of intent and ensuing programs of sacrifice for the population.

The responsibility of the IMF, the World Bank, and the U.S. Department of Treasury, as centers for decisionmaking and establishment of international financial regulations, cannot be overlooked in the economic and social tragedy such a phenomenon has implied for our country and for the subcontinent. The periodic "adjustments," prescribed by those organizations and designed to guarantee payment to the creditors, have not contributed structural solutions for the debtors; on the contrary, these adjustments have made debtors more dependent on foreign capital and the international financial institutions themselves. The payment, to the letter, of the foreign debts has not only translated into a dramatic and sustained deterioration of the living standards, but also into a distinct loss of sovereignty in the area of economic policy.

With these observations in mind, we must assume that yesterday, when Finance Secretary Guillermo Ortiz voiced his recognition to the IMF and the U.S. Government for its most recent credit intervention, he expressed a merely formal show of gratitude and engaged in an act of diplomatic courtesy. However, the remarks made by the Mexican official in the U.S. capital should not lead to assume that there are structural reasons for the gratitude expressed to those organizations under whose regulations Mexico has lost so much.

Finally, without downplaying the value of formulas, it is necessary to resume, as one of the new priorities of the country's foreign policy, the effort to establish more fair, equitable, and healthy norms regarding international financial exchanges. This is so because, under the current terms — dictated and proclaimed by the IMF, the World Bank, and Washington — there is no further prospect than to continue in the downward spiral of the economic crisis.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Costa Rica

Ecuador's Dahik Flees to Costa Rica, Seeks Asylum

Stops Over in Cali

PY1210175795 Madrid EFE in Spanish 1550 GMT 12 Oct 95

[FBIS Translated Text] Cali, 12 Oct (EFE) — Ecuadoran Vice President Alberto Dahik fled from his country in a small aircraft bound for Costa Rica that made a stopover at the airport in Cali, in southwestern Colombia. This information was disclosed by the Administrative Department of Security (DAS, secret police).

Dahik presented himself before immigration officers at the airport as a crew member of the aircraft, which was authorized to continue its itinerary according to the Colombian Radio Network (Caracol).

According to Caracol, the small aircraft was flown by two people, among them pilot Mario Roche. It landed at the "Alfonso Bonilla Aragon" airport at approximately 2128 (0128 GMT) on Wednesday.

After an approximately 15-minute technical stopover, during which the DAS immigration officers checked the aircraft and its crew members' documents, as well as their flight route, the aircraft was authorized to continue on its route.

According to the flight plan that was registered in the Cali airport operations report, the eight-seater aircraft, with license number HCBUA, took off at around 2145 for Costa Rica.

The Ecuadoran vice president disappeared from Quito on Wednesday, 11 October, after resigning from his post shortly after Carlos Solorzano, president of the Supreme Court of Justice, issued an arrest warrant against him within the framework of the penal trial he is facing under charges of alleged embezzlement of discretionary funds.

Authorities in Santa Fe de Bogota, who gave assurances they had no information about Dahik's intention of requesting political asylum, had not dismissed the possibility that he may have entered Colombian territory through the southern border with Ecuador.

Before learning he had stopped over at the Cali airport, sectors of the Ecuadoran media disseminated a communique issued from underground by Dahik in which he asserted that he was a "victim of political persecution, one of the many cases of persecution in the country, which, unfortunately, has caused so much damage to the nation."

He also asserted that "I have loyally served the country, the government, and the president of the Republic (Sixto Duran-Ballen) for three years and two months. Without any justification, I was subjected to an impeachment, but I clearly proved that there were no legal grounds for a motion of censure."

Minister on Dahik's Arrival in Country

PA1210171995 Panama City ACAN in Spanish 1643 GMT 12 Oct 95

[FBIS Translated Text] San Jose, 12 Oct (ACAN-EFE) — Costa Rican Foreign Minister Fernando Naranjo has confirmed to ACAN-EFE that Ecuadoran Vice President Alberto Dahik arrived in the country last night.

Naranjo declined to comment further on the details of Dahik's arrival or his legal situation until a meeting convened to discuss the case concludes.

Dahik arrived on a private flight after fleeing his country following the issuance of an arrest warrant against him as part of the penal process he faces for his alleged misuse of funds.

Minister: Dahik Requests Asylum

PA1210184795 Panama City ACAN in Spanish 1812 GMT 12 Oct 95

[FBIS Translated Text] San Jose, 12 Oct (ACAN-EFE) — Former Ecuadoran Vice President Alberto Dahik today requested political asylum in Costa Rica, where he arrived last night after the Ecuadoran Supreme Court of Justice issued an arrest warrant against him for the alleged misuse of public funds.

Costa Rican Foreign Minister Fernando Naranjo told ACAN-EFE that the request was presented today but it has to be submitted to the Foreign Ministry's legal department.

Naranjo, who made these remarks moments before departing for Argentina, said that this process may take some time.

"For the time being" Naranjo said, "Dahik is here as an Ecuadoran vice president who has resigned from his post and has requested asylum in Costa Rica."

El Salvador

Deputy Comments on U.S. Immigration Bill

PA1310015295 San Salvador Radio Cadena Sonora in Spanish 1730 GMT 10 Oct 95

[Report by Manuel Pacheco; from the "Sonora Newscast"]

[FBIS Translated Text] The deputy members of the Foreign Relations and Central American Integration

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Commissions of the Legislative Assembly have learned of an immigration bill Republican Representative Lamar Smith submitted to the lower chamber of the U.S. Congress. The deputies believe that this bill could trigger dramatic and shocking effects on the hundreds of thousands of fellow Salvadorans who are in that country in search of better opportunities.

In this regard, we have statements Deputy Rene Figueroa, from the Foreign Relations Commission, made saying that they are already doing something in light of the serious situation adversely affecting fellow Salvadorans.

[Begin recording] [Figueroa] In an effort to help our fellow nationals who are in the United States working on their legal migration status, we sent a letter to the U.S. Congress. The Foreign Relations Commission is sending this letter to the U.S. Congress Judiciary Committee and to the Immigration Subcommittee. The letter voices our concern about certain reforms to the immigration law the U.S. Congress is currently studying. We are very aware and respectful of people's self-determination; however, we believe that these proposed reforms could at any time adversely affect thousands of compatriots who are legalizing their immigration status. This is an issue that we, at the Legislative Assembly, are analyzing, not as blocs, but as a nation. We regard this issue as a national concern, and this is our contribution to the effort we are making to help our fellow nationals legalize their immigration status. This is why we have sent copies of the letter to all the members of the Judiciary Committee, both Republicans and Democrats, and, as we already said, to the Immigration Subcommittee in an effort to help our fellow nationals [words indistinct] to inform the Salvadoran people.

[Unidentified reporter] [Passage indistinct]

[Figueroa] These proposals have to do with immigration and, at a given time, would adversely affect those who are legalizing their situation through the ABC [American Baptist Church] Program. At this time, they could adversely affect thousands of fellow Salvadorans who, at any time, could see their legalization process hampered. This situation could, at any time, lead to a deportation or could place the Salvadorans who are legalizing their status in dire straits. So, we are now respectfully asking Congress to evaluate this situation in order not to adversely affect thousands of Salvadorans.

[Reporter] [Passage indistinct]

[Figueroa] First, this situation could restrict entry into the United States. Second, this situation could render difficult the legalization process; it would make the legalization process to obtain residency or to achieve legal status even more annoying.

[Reporter] Would it also be hindering [words indistinct]

[Figueroa] That is right; it would make the entire legalization process more difficult.

[Reporter] [Passage indistinct]

[Figueroa] This is why we are saying that we support the efforts the executive branch is making. We believe that the meeting President Armando Calderon Sol and U.S. President Bill Clinton held yielded quite tangible results, such as preventing mass deportations. We do not have planes or ships full of fellow nationals since we have been able to stop that situation. However, if the deportations take place, they would adversely affect us, because we are in the middle of a phase to reconstruct the country. We are trying to open the largest number possible of sources of jobs. We believe that El Salvador is in no conditions to accept a, let us say, burden of Salvadorans.

We are also concerned about family remittances; we cannot deny that these Salvadorans not only constitute a very significant pillar for the national economy, but are also important for our country's social stability. [end recording]

These were some of the statements Deputy Figueroa made in reference to the reforms on immigrants that are being studied in the United States. In addition, he added that the country is unable to welcome thousands of Salvadorans who could be deported in a short time.

Guatemala

Six 'Rebels' Appear in Court

96WR0001A San Jose LA NACION in Spanish 17 Sep 95

[Unattributed article: "Six Rebels Turned Over to the Courts" — received via Internet]

[FBIS Translated Text] Guatemala, 17 Sep (ACAN-EFE)—The Guatemalan Army reported yesterday that six guerrillas were turned over to the courts after they were captured in combat by the military in 1995.

According to the chief of the Information and Press Department of the Army (DIDE), Colonel Guillermo Caal, the arrest of the guerrillas was monitored by human rights organizations.

Caal said that the rebels are accused of possession of military equipment, murder, and terrorist activity and that the military's contact with them ended as soon as they were turned over to the courts.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

He explained that one arrested individual was identified as Emilio Pauu, who surrendered to the Army in Las Pozas in the northern department of Peten last 23 April.

Another is Timoteo Rupero Navarijo, alias "Commander Adam," whom the military captured on 30 April in Cuilapa in the southeastern department of Santa Rosa.

Caal also mentioned Hugo Lemus, whom the Army arrested last 4 May in Tactic in the northern department of Alta Verapaz.

The other three are Eusebio Mauricio Ramirez, alias "Lieutenant Edgar"; Juliana Simon, "Leticia," and Marta Perez, "Yolanda," who were captured on 22 August in the central department of Chimaltenango.

Guatemalan National Revolutionary Unity (URNG), a guerrilla group, accused the Army of having killed the latter three insurgents after capturing them in combat, but the military asserted that the rebels were taken from Chimaltenango to prisons in the capital.

Marijuana Farms Worth $10.7 Million Seized

96WD0001A San Jose LA NACION in Spanish 26 Sep 95

[Unattributed article: "Marijuana Plantations Worth $10.7 Million Seized"; received via Internet]

[FBIS Translated Text] Guatemala, 26 Sep (ACAN-EFE)—Thousands of marijuana plants growing on large plantations have been seized by agents of the Department of Counterdrug Operations (DOAN), who estimated their value at $10.7 million.

The Treasury Police [Guardia de Hacienda] revealed yesterday that seven plantations with 150,000 plants valued at $9.7 million were discovered in the municipality of Libertad in the department of Peten, which borders Mexico and Belize.

The plantations had been abandoned, and no arrests were reported.

Meanwhile, in the eastern department of Jalapa two more plantations with 15,061 marijuana plants worth $993,315 were seized, and Isabel Gonzalez was apprehended; two other presumed drug traffickers managed to flee.

Another farm with 1,250 plants valued at $80,265 was seized in the city of Pedro de Alvarado, Jutiapa along the border with Honduras.

In Zacapa in the eastern Province of Rio Hondo, counterdrug agents confiscated 7.6 kilos of already processed marijuana, worth more than $1,000, from Rene Grijalva, a Guatemalan.

All of the seizures of marijuana took place last weekend, according to the Treasury Police.

Nicaragua

Hillary Clinton Makes 1st Stop on Latin American Tour

PA1210184295 Panama City ACAN in Spanish 1715 GMT 12 Oct 95

[FBIS Translated Text] Managua, 12 Oct (ACAN-EFE) — U.S. First Lady Hillary Rodham Clinton arrived in Nicaragua today on the first leg of her Latin American tour which will end in Paraguay.

Clinton's private airplane arrived at the Managua International Airport at 1040 local time (1640 GMT) today, where she was welcomed by Nicaragua's acting first lady Cristiana Chamorro, President Violeta Chamorro's daughter.

The welcoming ceremony was attended by the wives of the cabinet ministers, the wives of the Legislative, Judicial, and Electoral Branch presidents, U.S. Ambassador John Maisto, and foreign diplomats accredited in Managua.

Also in attendance was a delegation of school children who presented a bouquet of flowers to Mrs. Clinton.

Clinton is accompanied by Alexander Watson, U.S. assistant secretary of state for Latin American affairs, and U.S. OAS Ambassador Harriet Babbitt.

Also in her entourage are Mark Schneider, director of the U.S. Agency for International Development (AID), and Richard Feinberg, director of Latin American affairs in the National Security Council.

Following her arrival at the Managua International Airport where she made no statements to the press, Hillary Clinton went to the Acahualinca neighborhood in Managua where she will talk with 30 women who are participating in a nonconventional credit program.

As part of her Nicaraguan agenda, President Bill Clinton's wife will meet with over 1,000 women at the "Olof Palme" Convention Center in Managua to discuss the eradication of poverty, the promotion of education, and child care.

Hillary Clinton will conclude her visit to Nicaragua at 1730 local time (2330 GMT) today and continue her tour of Chile, Brazil, and Paraguay, where her Latin American tour will end with a speech at the Conference of Wives of American Heads of State and Government.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Government Protests Colombian Seizure of Vessel

PA1310034095 Mexico City NOTIMEX in Spanish 1711 GMT 10 Oct 95

[FBIS Translated Text] Managua, 10 Oct (NOTIMEX) — Nicaragua has sent a "strongly-worded" letter of protest to Colombia over the seizure of a Venezuelan-flagged motorboat that was fishing in Nicaragua's jurisdictional waters in the Caribbean, Foreign Minister Ernesto Leal said today.

Leal asked his Colombian counterpart Rodrigo Pardo to "immediately release" the vessel and its crew and to adopt "corrective measures" to avoid a repeat of this incident.

He warned that these incidents "seriously damage the safety of navigation and fishing activities in Nicaraguan jurisdictional waters" and entail actions "banned by the UN Charter and the OAS Charter.

The protest note was released after a Colombian Navy corvette captured a Venezuelan-flagged vessel that was working for a local company, with the authorization of Nicaraguan maritime officials. The Almirante Narino corvette was in Nicaraguan territorial waters, according to the Foreign Ministry's note.

Foreign Minister Leal reiterated the position of the government of Violeta Barrios de Chamorro to resolve the border dispute with Colombia through dialogue and negotiation.

Nicaragua claims sovereignty over the San Andres and Providencia Archipelago in the Caribbean, which was ceded to Colombian administration through the Barcenas-Meneses-Esguerra Treaty of 1928, when Colombia was militarily occupied by the United States.

Foreign Ministers Leal and Pardo have been planning to meet to discuss the border issue since last September, but the meeting has yet to materialize.

Panama

Local 907 Not 'Consulted' About Military Bases' Stay

PA1210223995 Panama City LA PRENSA in Spanish 10 Oct 95 p 3

[Report by Jose Quintero De Leon]

[FBIS Translated Text] Local 907, a guild of approximately 6,000 employees of the U.S. military bases in the canal area, is worried about the Foreign Ministry's lack of interest in consulting them, as the affected party, on the issue of extending the presence of military bases beyond the year 2000.

Alonso Rodriguez, secretary of education of Local 907 said he favors the executive's decision to vest Foreign Minister Gabriel Lewis Galindo with the task of meeting with the concerned people in order to form an ad hoc group to explore a possible extension of the military presence.

"What worries us is the fact that neither the president nor the foreign minister have taken into consideration that leaders of the canal workers' union have expressed interest in being part of that group, and we have not even received a reply to our letters," Rodriguez said.

At present, Rodriguez noted, "we view that attitude as discriminatory or dissociative on the part of the ad hoc group. Our organization, as well as other canal groups, believes that not sufficient importance is given to those involved in the question of the military bases and the canal area."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Argentina

Government Requests Extradition of Military Rebels

PY1210200195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1940 GMT 11 Oct 95

[FBIS Translated Excerpt] Buenos Aires, 11 Oct (NA) — Argentina today formally asked the Uruguayan Government to extradite the former members of the Naval Prefecture "Albatros" group who escaped to that neighboring country as they were about to be tried for their participation in the 3 December 1990 "Painted Face" military revolt.

It has been officially confirmed that 16 of the 18 fugitives, including priest Moises Jardin, are under arrest. The police arrested 15 of them the first day and today they arrested Juan Dipp. [passage omitted]

Uruguayan courts must now weigh the value of the documents and establish whether the formal requisites established in bilateral and international treaties are met before granting the extradition.

The situation of contempt involves 20 individuals. Two of them are still fugitives inside the country. The remaining 18 travelled to Uruguay.

Those who went to the neighboring country asked for "political asylum." The Uruguayan Government has yet to decide what to do.

Obeid Elected Santa Fe Governor

PY1210210295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1108 GMT 11 Oct 95

[FBIS Translated Excerpt] Santa Fe, 11 Oct (NA) — Releasing the final results of the 3 September elections, the Santa Fe Electoral Court has confirmed that Santa Fe Mayor Jorge Obeid will succeed Santa Fe Governor Carlos Reutemann.

The official results, released last night by the Santa Fe Electoral Court, indicate that Obeid's ticket "I believe in Santa Fe" received 30,000 votes more than the ticket headed by Rosario Mayor Hector Cavallero.

The final results show the Justicialist Party [PJ] ticket received 771,750 votes (47.81 percent); the Santa Fe Alliance — which comprises the UCR [Radical Civic Union], the PDP [Progressive Democratic Party], and Popular Socialism — received 720,058 votes (44.61 percent).

Within the PJ tickets, Jorge Obeid's ticket received 327,706 votes (42.26 percent) and Hector Cavallero's ticket received 294,497 votes (38.15 percent). [passage omitted]

Poll Indicates People Approve of Agreement on Falklands

PY1210193495 Buenos Aires LA NACION in Spanish 11 Oct 95 p 1

[FBIS Translated Text] A poll shows that 55 percent of the people believe the oil agreement with the United Kingdom is beneficial, 28 percent described it as negative, and 17 percent do not know or did not answer.

The Mora y Araujo, Noguera, and Associates office conducted the poll between 28 September and 3 October. Some 400 people were polled in the federal capital and Greater Buenos Aires.

Bolivia

President Criticizes U.S. Antidrug Policy

BR1210150195 Paris LE MONDE in French 12 Oct 95 p 5

[Report on interview with President Gonzalo Sanchez de Lozada by Martine Jacot in Paris on 10 October: "Bolivian President Says State of Emergency To Be Lifted Soon"]

[FBIS Translated Excerpt] Bolivian President Gonzalo Sanchez de Lozada said on Tuesday, 10 October in Paris that the state of emergency he imposed in his country on 18 April "in order to reestablish social peace, could be lifted on 15 October." [passage omitted]

During the interview he granted to LE MONDE during his first official visit to France, Mr. Sanchez de Lozada said he "hoped that the social climate would remain calm until the municipal elections in December." [passage omitted]

The state of emergency was also decreed at a time when relations between La Paz and Washington were turning sour. On 2 March, the United States threatened Bolivia — the world's second largest producer of coca after Peru — that it would suspend aid and oppose the granting of loans by multilateral organizations if the local authorities did not destroy coca crops. Early in his term, the current president advocated the total eradication of these plantations (mainly via crop substitution programs), but he beat a retreat before a revolt by "legal" producers who traditionally chew coca leaves.

Around 5,400 hectares of coca crops were to be destroyed by the end of this year under the supervision of the (U.S.-trained) "antinarcotic" police. Bolivia, which, unlike Colombia, agrees to have its drug-traffickers extradited to the United States for trial, has not seen any payback for its efforts. In August, Washington refused

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

to increase its antidrug-smuggling aid. "The struggle against this scourge is, in part, the responsibility of those countries which consume the drug. However, the United States — especially in the Congress — thinks that the blame lies with the producer countries and that they should put pressure on them instead of helping them. That is insane," said the Bolivian president, who has come to France, Belgium, and Italy to ask for more compassion in this regard.

In a meeting with President Chirac, Mr. Sanchez de Lozada also mentioned French nuclear testing, which has been severely condemned by the Rio Group (of which Bolivia is currently handling the rotating secretariat duties). "Rather than break off diplomatic relations, it is preferable to try to find explanations and see what the solutions are, if any," he concluded.

Government Postpones Capitalization Policy Deadline

PY1310010895 Santa Cruz EL MUNDO in Spanish 28 Sep 95 p A5

[Commentary: "Delay in the Capitalization Policy"]

[FBIS Translated Text] The Capitalization and Finance Ministries issued a communique announcing that the capitalization process and the corresponding transfer of state companies will be completed at the end of March 1996 and not in December 1995 as anticipated.

The official declaration comes in answer to frequent opposition complaints that they do not understand the process.

The absence of a firm belief by the ruling coalition partners in the project has become a major obstacle in the path of a speedier process. This disbelief is particularly true in the case of YPFB [Bolivian Government Oil Deposits]. Here there is a prevailing feeling that changing the ownership of the oil company might harm the country's future.

Even though the official explanation regarding the capitalization of public companies is insufficient, we must note that opposition leaders have been unable to make any valid alternative proposal.

We live in a democratic period and cannot think of a reason why those who understand the oil problem cannot expound their viewpoints on the issue. What kind of country is forecast by those who support the capitalization program? How will Bolivia's future be hurt if it maintains its state control ideas?

It is obvious that we are witnessing the end of the state- controlled economy and it will be beneficial if politicians ponder on the issue to prevent being overpowered by demagoguery and partisan politics. This is why we need a broad debate to contribute to successfully implement those changes that become inevitable in present historic conditions.

A serene analysis of our national reality and the needs for change cannot avoid an unquestionable fact: Private national or foreign capital is not available to revitalize state companies that are in difficulties, much less to save the all-powerful-state model. If we think about that essential admission, we will open a broad debate on the future of enterprises like YPFB. We see capitalization not as the mere transformation of state companies into corporations, but as a means to reactivate the national economy through new investments and a strong support to productive activities.

Brazil

Clinton Decision To Ease Embargo on Cuba Praised

PY1210193295 Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Oct 95 p 2

[Editorial: "Cuba"]

[FBIS Translated Text] The easing of the embargo on Cuba, which U.S. President Bill Clinton announced on 6 October, is a positive if timid step toward eliminating one of the leftovers of the Cold War.

For three decades, Cuba has imposed a symbolic weight that has kept the world in tension. Currently, it is just a small and poor island on the Caribbean Sea.

The trade embargo and the generalized obstacles on all types of exchange had a doubtful role in exerting pressure on the Cuban dictatorship and has basically harmed the Cuban people. These measures did not prevent Fidel Castro from remaining in office.

It is true that the limitations imposed by the embargo have generated dissatisfaction on the island. Nevertheless, the blockade has supplied the only-party administration with the excuse — which has been exhaustively exploited — that all the island problems stem from abroad. In addition, the theory that Cuba "would export" the revolution has not been confirmed either. All in all, the forced isolation may have favored the regime.

Clinton's new strategy of betting that an exchange between the island and the western world, as well as integration between the two parties, favors democratization and seems more realistic. Now the U.S. post office has been allowed to receive and send mail to Cuba more freely, that both countries' media can more freely report news on each other, and that the United States has the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

possibility of exporting computers, fax machines, and photocopying machines to Cuba, exchange of information between the two countries may be stimulated.

The only regrettable thing is that these liberating measures are so timid. This equipment can only be imported by NGO's while the blockade on imports of medicine and food continues.

Itamaraty Notes U.S. Barriers on National Meat, Fruit

PY1210202895 Sao Paulo GAZETA MERCANTIL in Portuguese 4 Oct 95 p A5

[Article by Maria Helena Tachinardi in Brasilia]

[FBIS Translated Text] Itamaraty has produced a document that lists the main U.S. restrictions on Brazilian exports. It reveals plant health control barriers that include almost all Brazilian fruit except mangoes and melons. The U.S. market is also closed to Brazilian beef, due to alleged cases of hoof-and-mouth disease, and to chicken, although the EU is purchasing this product from Brazil without any problem.

In the document, the Brazilian Government protests that the U.S. subsidies to the agricultural program EEP (Export Enhancement Program) have pushed Brazilian chicken exports out of the Middle East, West Europe, and Japan. The document also deems anachronistic the imposition of compensatory rights over iron and steel products that are no longer subsidized because all state-owned steel mills have been privatized. Usiminas [Minas Gerais Steel Iron and Steel Mills, Inc.] is being sued for having exported thick steel plates. The United States claim that these steel plates are still partly subsidized, although Usiminas no longer belongs to the government.

In the list of trade problems, Itamaraty also complains that Brazil "has been mistreated" within the framework of the General System of Preferences, which currently covers nearly 20 percent of the Brazilian sales to the United States.

Brazil had a $1.6 billion deficit in its trade with the United States between January and June, and tariff peaks of as much as $480 per tonne of orange juice. Brazil is now requesting that its partner adopt a new position. In the joint report that Foreign Minister Luiz Felipe Lampreia and U.S. Trade Representative Mickey Kantor are writing, the Brazilian Government states that it wants "advantages and compensations" in bilateral relations. This report will be handed to Presidents Fernando Henrique Cardoso and Bill Clinton on 1 November.

The Cardoso administration has already asked the U.S. Government to send a mission to evaluate the plant health conditions of the produce to be exported to the United States. Ambassador Jose Bo[illegible]ogo Goncalves, who is responsible for the Itamaraty economic affairs, has said that the Brazilian Government wants a conclusive report containing a program of action. Brazil also asked the United States to adopt open, and not aleatory, procedures to investigate antidumping [preceding word given in English] measures and cases of compensatory rights against iron and steel products. One Itamaraty source said: "They use the best information available [three preceding words given in English] as supplied by the petitioner and are not based on data supplied by Brazilian exporters."

International trade consultant Adimar Schievelbein defends Brazilian clients from various areas, particularly the shoe-making and the iron and steel industries. He says he only sees the possibility of having a positive agenda between the two countries "when the processes that create friction in the two countries' bilateral relations are closed." He cites two old investigations: One on cotton thread (alleged subsidies) in 1976, which he believes should be immediately dropped because it no longer represents any pressure on the U.S. industry; and another on pig iron. This investigation started in 1979 and continues. Data on the investigation are reviewed every year and the Brazilian exporters continue to pay compensatory rights.

Foreign Investment Drops 99.9 Percent in Sep

PY1310024895 Rio de Janeiro JORNAL DO BRASIL in Portuguese 12 Oct 95 Businesses and Finances Section p 15

[FBIS Translated Text] Foreign capital is cautious. In September, the Brazilian market of capitals registered a positive balance of only $1. 2 million. It seems to be a lot, but this volume is 99.9 percent lower than the August one, when the market had a $1.4-billion balance. The 1995 average balance is still positive in $1.3 billion, despite the massive drain of dollars that occurred in the beginning of the year.

Francisco Augusto da Costa e Silva, president of the Securities and Exchange Commission (CVM), said: "Apparently, this result is already a reaction to the measures adopted by the government at the end of August." Among the various measures implemented by the government to regulate foreign investment are the prohibition to invest in derivative markets and the proposal to levy taxes on capital profits.

"Despite the small balance registered in September, I do not believe there will be a massive draining of resources

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

in the Brazilian stock markets," the CVM president said. In his opinion, the situation of the Brazilian economy is more comfortable than that of the Mexican and Argentine ones. "The Brazilian economy is not being financed with short-term resources, the inflation rate is under control, and the reforms are progressing. Foreign investors are realizing all that," Costa e Silva said.

According to Annex IV data, most of the resources that entered Brazil in September came from Central American countries (33.2 percent), which are closely followed by U.S. investors (32.8 percent), and European investors (21 percent). The largest foreign investors in the Brazilian market last year were: banks (42 percent), trusts and funds (31.4 percent), and brokers (26.1 percent).

Informal Car Import Quotas for Argentina Under Study

PY1210202695 Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Oct 95 Section 2 p 9

[Article by Sonia Mossri and Lucas Figueiredo]

[FBIS Translated Text] The Brazilian Government will continue the import quota system for Argentine cars in 1996. The idea is to negotiate an informal regime managed by Argentine Economy Minister Domingo Cavallo.

Itamaraty believes Brazil can avoid a new crisis in its trade relations with Argentina by negotiating new car import limits with Cavallo.

The main argument of the Ministry of Industry, Commerce, and Tourism is that demand for cars will grow in 1996.

With President Fernando Henrique Cardoso's anti-recession strategy, available credit is expected to grow and interest rates to fall in 1996.

Moreover, car import taxes will drop from 70 to 30 percent in April 1996. This factor will also increase demand for cars.

That is why the government believes it is necessary to impose restrictions on Argentine car imports to protect the local industry.

Cavallo is facing the worst crisis in the Argentine stabilization plan, with strong recession. Official estimates show unemployment runs at 18 percent, while car sales on the local market dropped by 30 percent.

In light of this situation, Argentine manufacturers need the Brazilian market to try to compensate for the deceleration.

Itamaraty believes it would be advantageous for Cavallo and for the Argentine automobile sector to establish an informal, flexible quota system, that is, with expansions and contractions following the Brazilian market performance.

In addition to their concern about the Brazilian automobile industry, the Finance Ministry and the Ministry of Industry, Commerce and Tourism also believe the quota system would operate as a mechanism to prevent car manufacturers from preferring Argentina to Brazil for new investments.

The objective of Itamaraty is to negotiate with Argentina without having to resort to Presidents Carlos Menem or Fernando Henrique Cardoso.

In the first half of the year, the lack of ability of ministerial officials negotiating with Argentina caused an impasse that called for the intervention of the two presidents.

Brazilian Ambassador to Argentina Marcos Azambuja is the main negotiator with Argentina.

He advocates an agreement without formal quotas.

Both Itamaraty and the Ministry of Industry, Commerce, and Trade have stated that the Brazilian Government has not yet decided on its Argentine car import policy for 1996.

In Buenos Aires, FOLHA contacted Industry Secretary Carlos Magarinos, who preferred not to express an opinion before receiving official information on the subject.

Mercosur Also Interested in Approval of Patents Bill

PY1210203695 Sao Paulo GAZETA MERCANTIL in Portuguese 4 Oct 95 p A5

[Article by Maria Helena Tachinardi in Brasilia]

[FBIS Translated Text] Problems related to intellectual property (trade brands, patents, etc.) within the framework of the Common Market of the South [Mercosur] tend to become worse as trade between Brazil, Argentina, Uruguay, and Paraguay increase. The increasing number of piracy cases related to trade brands has sped up negotiation of an agreement on norms harmonization, which was signed in Asuncion in August. The agreement is not being implemented, however, because it has to be debated and approved in the Congresses of the four countries. They have not received copies of the agreement because its original, authenticated text still has not been sent to Brazil.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The agreement covers brands, denominations of origin, indications of origin, and vegetable varieties. Diplomatic sources stated that, while it is not the ideal agreement, it was the only one possible at the time; it is the first step of a gradual and flexible process, like all Mercosur measures.

An "evolutional clause" leaves the door open for additional accords on utility models, industrial design, copyrights, patents, software [preceding word given in English] protection, and integrated circuits.

Brazilian businessmen dealing within Mercosur believe it is desirable to speed up negotiations and implement measures related to intellectual property in order to reduce negative effects on the trade and investment flow. Among the priorities are repression to production and trade of forged assets, which can only be done through the ratification by the Congresses of the four countries of the agreement on norms, and participation in international accords on intellectual property. Uruguay has already adopted anti-piracy measures (Decree 51/93 and Act 16,320).

The four countries will establish exceptions to the intellectual property rights within the framework of the Mercosur, without harming the already achieved rights. One of these exceptions grants regional characteristics to local manufacture of pharmaceutical, chemical, or food products. As a result of this mechanism, which is known as regional exhaustion of rights, the presence of local manufactures in each country is not an indispensable requirement. This eliminates the risk of compulsory licensing because the patent holder will not be forced to use it within the period of three years by manufacturing the products in their own country. A similar solution was adopted by the Andean Group in 1993, through Decision 344.

The usual difficulty in dealing with patents matters in free- trade areas is a result of the differences between the objectives of the intellectual property norm and those of integration. Intellectual property rights are territorial and exclusive. A patent holder can, for example, legally prevent other citizens from commercially exploiting the product he has a monopoly over. This is incompatible with the principle of free circulation. Thus, Mercosur must establish exceptions to the intellectual property exclusive rights and adopt a regional manufacture mechanism instead of a local manufacture one.

Mercosur countries must participate in the same international accords to facilitate the process of harmonizing each country's national laws. The most important such accords are: the Paris, Berne, and Rome conventions; the Trips [Trade-Related Intellectual Property Rights] accord of the WTO; and the Union Convention for Protection of Products Obtained from Vegetables (UPOV-78). The Brazilian Government has already drafted a project seeking to join this entity. The presidency of the Republic is currently studying the text from the legal point of view. It will then be sent to the Foreign Trade Chamber to be approved by the ministers, who will then send it to Congress.

The bill, which is also known as the law of tillage or vegetable varieties, grants the inventor the exclusive right to use it. Argentina and Uruguay have already joined the UPOV. If Congress does not approve the bill before December, Brazil cannot become a member of the UPOV convention.

Text of Four-Year Plan Published

95SM0512A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Sep 95 p B8

["Text" of Multiannual Plan presented by President Fernando Henrique Cardoso on 5 September 1995: "Multiannual Plan Predicts 4-Percent Growth in 96"]

[FBIS Translated Text] *Here is the complete text of the Multiannual Plan presented by President Fernando Henrique Cardoso on Tuesday.*

Multiannual Plan: 1996-1999

By creating the prospect of economic stability, the success of the Real Plan enables the government, after many years, to present to the country a development plan guided by budgetary realism. The Multiannual Plan for the period from 1996 to 1999 is, in that sense, a faithful expression of the nation's demands, thus standing in contrast to what happened in 1994, when the budgets, presented in nominal terms, quickly became obsolete.

The government's action over the next four years will be guided by three general development strategies: the building of a modern and efficient state, a reduction in regional and social imbalances, and the country's competitive integration and productive modernization.

Organized around guidelines, objectives, and goals, the Multiannual Plan includes goals for moderate but consistent growth and incorporates the effects of the structural changes now underway, examples being the opening-up of trade, the National Privatization Program, and the reforms affecting taxes, administration, and social security. The goals with respect to growth in GDP [gross domestic product] are 4 percent in 1996, 4.5 percent in 1997, 5 percent in 1998, and 5 percent in 1999.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The Investment and Government Action Plan for the next four years calls for attracting funds on the order of 458.9 billion reals. Of that total, 305.5 billion reals are earmarked for actions resulting in services for the community, excluding administrative costs. This heading includes funds for farm loans, school lunches, SUS [Unified Health System] benefits, and so on.

The remaining 153.3 billion reals are concerned with investments intended to increase the economy's competitiveness, reduce social and regional inequalities, and contribute to the building of a modern and efficient state. The Union will contribute 100 billion reals in tax funds and obtain the rest through an unprecedented system of investment partnerships with the states, municipalities, and private enterprise.

Of the total funds mobilized by the Union, 78 percent will be earmarked for social investments involving the courts, safety, agrarian reform, family agriculture, culture, and social development. By way of example, the government intends to invest 8.3 billion reals over the next four years in a program involving 2,237,000 actions in the field of housing, including not only housing construction but also the production and acquisition of building lots and the improvement of residences and of housing conditions.

In the field of sanitation, the planned investment totals 10 billion reals, with Union funds being combined with funds from the FGTS [Severance Pay Fund] and partnership programs with the states, municipalities, and private enterprise. The goal is to equip 6 million residences with water and sewer connections by 1999, thus benefiting a universe of about 30 million people.

The government's goal for the area of education is broad in scope, with priority being assigned to basic education and the upgrading of schools and the teaching profession. There are ambitious but realistic goals, one being to provide school lunches 180 days out of the year. There will also be investments in professional improvement, one example being the book bonus program, which is aimed at making it possible for 2.1 million primary teachers to set up their own private libraries.

Funds for the health field will be on the order of 45.6 billion reals. The government will call upon the states and municipalities to join in the effort to improve sanitary conditions and modernize the United Health System (SUS).

In the field of economic infrastructure, the government will concentrate its investments on transportation, energy, and communications. Plans call for a thoroughgoing revision of the national highway system that will integrate roads, railroads, and waterways into development poles. Intermodal transportation will make it possible to reduce freight costs and bring down the high cost of maintaining roads. About 8,000 km of roads will be rehabilitated at a cost of 1.5 billion reals, with financing being provided in part by multilateral credit organizations, then turned over to the states for administration. The Union will then be responsible only for the major cross-country highway routes.

The beds of waterways will be regularized, and investment in ports and vessels will be turned over to private enterprise. The railroad system is currently almost a Union monopoly, but the first stretch of track will be leased to private enterprise before this year is out. Others will follow, backed in all cases by the private investor's promise to modernize the network under his management. It is felt that the investments necessary for rehabilitating and modernizing the most important stretches of track will total about 1.2 billion reals.

By way of example, we can mention the following projects for developing the major development poles: the construction of double lanes on BR [National Highway] 101, construction of the Transnordestina and Ferroeste Railroads, restoration of a major portion of the Cuiaba-Santarem Highway, construction of the port of Sepetiba in Rio de Janeiro, establishment in that same city of the teleport, and the Project for Development and Exploitation of Campos Basin Gas and Oil.

Making up for the country's relative backwardness in the telecommunications area will require investments on the order of 31 billion reals during the 1996-1999 period. This will be possible only with significant participation by private enterprise, because if the investment capacity demonstrated over the past few years continues, the companies in the Telebras [Brazilian Telecommunications, Inc.] system will be able to provide only a little over 50 percent of that total. The government's planned investment effort will make it possible to double the size of the current telecommunications network by raising the number of installed telephone terminals from 14.2 million to over 33 million by the end of the decade.

The government proposes to establish a new financing and management model for irrigation and water projects in which the states, municipalities, and private enterprise will play significant roles. Under that new model, the public sector as a whole pledges to provide 50 percent of the funds, it being up to the private sector to provide the rest with financing from the BNDES [National Bank for Economic and Social Development] and the BNB [Bank of Northeast Brazil]. The goal is to expand the irrigated area by 430,421 hectares over the next four years. To

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

ensure the success of the new model, the government will propose an amendment to the Irrigation Law.

New water infrastructure projects to be carried out under the new model, mostly in the Northeast, are based on the assumption that the government will be responsible for 60 percent of the investments, with the states and municipalities concerned taking responsibility for the remaining 40 percent. The goal is to achieve a water storage capacity of 10,672 million cubic meters over a four-year period.

In the agricultural sector, investments and expenditures on the order of 23 million reals are planned over the next four years. These projects will be financed with tax revenues and direct taxes, foreign and domestic financing, and state and municipal funds. Combating rural poverty by guaranteeing wider access to land and other instruments of support for the families of rural producers and workers will be a priority in the administration's social policy for the rural area, the intention being to settle 280,000 families over the next four years.

Executive Summary

I. Macroeconomic Scenario

The success of the Real Plan has opened up new possibilities for sustained growth in Brazil over the next few years. Besides expanding the consumer market by increasing the real incomes of broad segments of the population, the drop in inflation has created strong incentives for a recovery in investments, without which the resumption of growth would be ephemeral, like the bursts of growth observed during the 1980's.

Despite the results already achieved, our country is still facing three major economic challenges: continuation of the stabilization process, continued growth, and consolidation of the opening-up to the outside.

With that in mind, the process of constructing the macroeconomic scenario took into account the following objectives for the next few years:

Fiscal equilibrium—The goal of balancing the government's accounts will be accompanied by a realignment of government spending in favor of social areas and public investment. Reducing the financing charges on the public debt will make it possible to redirect part of the funds currently spent on that item. Attention should be drawn to the significant income expected from privatization (2.5 percent of GDP). That money will be used to pay off part of the public debt and contribute to the reduction in debt service.

Economic growth—The first two years of the PPA [Multiannual Plan] will be a period of consolidating macroeconomic adjustment and instituting structural reforms aimed at stabilization of the currency and the sustained resumption of growth. The forecast for 1996 and 1997 calls for annual growth rates in the GDP of 4.0 and 4.5 percent respectively. For the two years after that, the rate should rise to 5 percent per year. Cumulative growth for the four-year period will total nearly 14 percent. Such a trend in the GDP means that the increase in per capita income during the 1996-1999 period will average 3.3 percent per year, or more than the average historical rate of 3.2 percent since 1947.

Sustainable foreign financing—The opening-up of the economy will be implemented in such a way as to keep the deficit on current account in the balance of payments under control. The contribution by external savings will not lead to problems of excessive indebtedness, as has happened in the past. Concerning the opening-up of trade, attention is drawn to the implementation of measures ensuring competitive conditions for our exports and the development of institutional mechanisms that will protect local producers from unfair trading practices.

A summary of the macroeconomic environment that should prevail during the period that the PPA is in effect will be found in table 1 of the annex [not included here].

II. Strategies and Guidelines for Government Action

The basic premise underlying the Multiannual Plan (PPA) is the need to consolidate the stability achieved as a result of the Real Plan. The effort in question must be accompanied by a gradual resumption of productive investments that will kick off a new sustained phase of economic and social development in our country.

The PPA establishes three strategies for the 1996-1999 period:

1. The building of a modern and efficient state. It is essential to re-create the conditions in which the state will be able to formulate and implement public policies in an effective manner and with the ability to identify and respond to society's greater interests. Building a modern state depends not only on funds but also on an improvement in the state's employees so that public policies can be well thought out, appropriately implemented, and rigorously monitored.

2. Reduction in regional and social inequalities. This is an old aspiration in Brazilian society. With inflation under control and growth having resumed, it will be possible to stimulate that process. To that end, regional

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

prospects will be encouraged by strengthening the decentralization process and increasing funds for the social area.

3. Competitive integration and productive modernization. Modernization of the country's productive structure requires consolidation of the opening-up of the economy, trained manpower, and more flexible labor relations. Modernization of the productive structure depends on the quality and quantity of the economic infrastructure's services, a reduction in the "Brazil cost," a strengthening of the private sector's role in investments, and the stimulation of sectors with a potential for international integration. For its part, the training of manpower requires improvements in education—with an emphasis on basic education—and changes in labor relations.

On the basis of those three strategies, 23 guidelines were formulated to guide the government's action during the 1996-1999 period.

III. Policies and Reforms for Development

Maintaining stability requires more than competent management of the short-term economic policy. It is also necessary to create the conditions for more investments and an increase in the competitiveness of domestically produced goods and services. With that in mind, it will be essential to amend constitutional provisions banning the entry of foreign capital and requiring budgetary rigidity alongside a tax system that places a burden on investments and ends up "exporting taxes."

Changes to those rules are included in the proposed constitutional amendments sent by the executive branch to the National Congress in connection with the reform of taxes, administration, and social security, in addition to the amendments affecting public finance that are still to be sent and those affecting the economic order that are either already promulgated or still being considered by the Federal Senate. Those reforms will contribute to the removal of obstacles to competitiveness, the progress of the National Privatization Program, the promotion of investments, and reform of the state.

Tax reform—Two main components of the "Brazil cost" are taxes and labor costs. Reducing them is an unavoidable requirement for economic development. As a result, the bill sent to Congress has the following objectives: a) to exempt exports by making full use of the tax credit related to the IPI [industrial products tax] and the ICMS [goods and services movement tax]; b) to encourage investment and improve productivity by granting a credit for the IPI and ICMS paid on domestic or imported machinery and equipment; and c) to support the modernization of agriculture and the food industry and encourage food production by not applying the ICMS to farm inputs and equipment and reducing the tax burden on products in the basic food basket.

Social security contributions are also the target of changes aimed at increasing the competitiveness of Brazilian products. Plans call for a) the future merging of the PIS [Social Integration Program] and Cofins [social investment contribution] into a single contribution based on income and possibly scaled to reflect the nature of the activity being exercised by the taxpayer and b) a reduction in payroll taxes.

Privatization and investment promotion. The competitiveness of Brazilian products will also depend on a substantial increase in investments in infrastructure, the shrinkage of which over the past 15 years has led to the deterioration of the road system, a lack of port equipment, the prospect of energy shortages, and the technological backwardness that has now built up in the telecommunications sector. The almost exclusive monopoly that the state has held on infrastructure in the past cannot continue. Today it is essential to move in the direction of greater participation by private capital in the financing and management of transportation, energy, and telecommunication services.

The principal measures as regards privatization are: a) a widening of the scope of the program; b) an increase in the share to be paid in cash; c) adoption of a regulatory framework for operating public utilities; and d) the resolution of old quarrels hampering the privatization of firms already in the program, one example being Light [Power Services, Inc.], which will be easier to sell after it is broken up.

The new laws on concessions established the legal basis for the operation of public utilities by the private sector, and they completed the framework of institutional changes necessary for moving ahead with the privatizations.

Reform of the state. Another objective of the reforms is to restore to the state genuine conditions for making better decisions regarding public expenditure with a view to living up to its basic responsibilities and reducing social and regional disparities. In the current situation, the federal, state, and local governments all find their ability to invest hampered by budgetary rigidity, which also prevents any attempt to redistribute funds and respond to spending priorities. Therefore, in order to make the public administration more flexible and restore the state's ability to provide public services in an effective manner, it is essential to amend the constitutional text.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Reform of social security. Restoration of the state's ability to finance regional and social policies with tax money also depends on a lasting solution to the problems of economic and financial imbalance in social security. There is no doubt that in the medium term, the continuation of those structural problems is going to make it impossible to pay social security benefits. Because of that, the executive branch has drawn up a proposed reform which, besides fostering a restoration of the actuarial and financial equilibrium of the systems, will also strengthen the principles of fairness and social justice.

It is important to emphasize that that proposal preserves the established rights of current pensioners and retirees as well as those of active workers who have already fulfilled the requirements for obtaining their benefits.

IV. Investment and Government Action

The strategies, guidelines, policies, and reforms we have mentioned were the basis for analyzing and organizing the projects and actions that will be implemented by the government and/or supported by it during the period covered by the PPA.

Table 2 in the annex [not included here] summarizes the estimated investment amounts and the cost of the projects and actions by area of application.

The projects and actions included in this PPA are expected to involve public and private money totaling about 459 billion reals during the 1996-1999 period (or 274 billion reals if we exclude the payment of social security benefits). Part of that money—153 billion reals—will be earmarked for investments, and a significant amount—121 billion reals (excluding social security)—will be used to pay the cost of ongoing action programs, notably in the social area.

It is estimated that in addition to money from the tax budgets and social security (318.4 billion reals or 133 billion reals excluding social security), planned investments and costs can expect money from the state and municipal governments (17.3 billion reals), foreign money (24.3 billion reals), private money (39.3 billion reals), and other sources such as state-owned firms (the FGTS, constitutional funds, and so on) (59.6 billion reals).

The government is working on the assumption that there will be sizable participation by the private sector and other spheres of government in making the programs and actions set forth in the PPA feasible. In some areas, as is the case with infrastructure, the private sector is expected to participate significantly in the planned investments. That will mean a profound change from the past pattern of financing, which was characterized almost exclusively by public investments.

Priority projects and actions. Among the projects and actions called for in the PPA, some have been classed as priorities because of the effect they will have in stimulating and structuring other projects and actions by the public and private sectors. To ensure a more rational application of funds and maximize the benefits of public investment, account was taken of the fact that some projects are already underway and, because of the stage they have reached, should be included on the list of priorities.

The priority projects and actions have been divided into three groups based on their objectives.

1. Structural projects and actions. A predominant number of all these projects and actions is geared toward eliminating bottlenecks that hamper growth and toward improving the efficiency of the economic system. This includes undertakings that will reduce the "Brazil cost."

As a result, consideration was given to the magnitude of the impact that those projects and actions would have on so-called systemic or structural factors of competitiveness, examples being expenditures in the areas of energy, communications, science and technology, education, and agriculture. Investments in the transportation sector were considered from the standpoint of the need to reduce regional imbalances and achieve national and continental integration.

2. Projects and actions to reduce regional imbalances. The projects and actions that were chosen are aimed at strengthening and consolidating the development poles as characterized by the country's new economic geography. The basic premise here is that the concentration and coordination of activities in specific regions will have a more positive impact on the rest of the national and regional economic system than dispersed or generalized activity would. The undertakings in question are complementary to the projects and actions concerned with energy and communications and are therefore part of the overall effort to reconstruct and modernize the country's economic infrastructure.

The investments are focused on five poles for national integration, two poles for international integration, and activities in special areas.

The principal development poles (refer to the annex [not included here] for the map and the tables regarding the principal projects and actions) are these:

1. North-South Integration Pole.

2. Western Integration Pole.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

3. Northeastern Integration Pole.

4. Southeastern Integration Pole.

5. Southern Integration Pole.

6. Outlet to the Caribbean.

7. Outlet to the Pacific.

8. Special areas.

9. Water resources in the Northeast.

10. Federal actions in Rio de Janeiro.

11. Tourist infrastructure.

Those national subdivisions were defined on the basis of regional potentialities, the regional dynamics of the country's recent development, and the requirements for the country's dynamic integration into the world economy.

3. Projects and actions to reduce social inequalities. The Federal Government's principal commitment and one of its greatest challenges is the implementation of policies for providing basic public services.

This constitutes the largest block of expenditure by the Federal Government, and it is aimed at reducing social inequalities through a genuine decentralization of actions and significant gains in the efficient allocation of public money. Those gains should lead to significant improvement in the provision of basic services for the population.

To reduce social inequalities, the government will concentrate its efforts on the areas of education, health, social security and welfare, labor, housing, basic sanitation, urban development, culture, the courts, and public safety. Those efforts will be based on the following courses of action:

Government Action in Social Area

1. Make a continuing effort to improve basic social services that are the government's responsibility. That improvement includes wider coverage (for example, in the areas of education and urban infrastructure), an improvement in the quality of the services offered (essential in the areas of education and health), increased efficiency in spending (including, where relevant, a more adequate focus and an improvement in its pattern of redistribution).

2. Give priority to programs and actions that increase the country's ability to generate more and better jobs and opportunities for obtaining income. In this Multiannual Plan, that concern is present in all the actions being proposed, not only in the social area (through a resumption of investment programs in housing and basic sanitation) but also in other areas of government activity (for example, the encouragement of activities geared to tourism).

The Supportive Community Program is a key element in the strategy for government action in the social area. That program will make it possible to mobilize more money and institute new management methods so that the challenges can be faced in a better manner.

The priorities for the Supportive Community Program are the same as those mentioned for the principal areas of government action in the social sector. The program constitutes a new way of carrying out the Federal Government's activity with a view to combating poverty. Its basic principle is participation and partnership between society and government in the various spheres.

It must be kept in mind that the Federal Government's role in the social area must become more that of a policy setter, regulator, and overseer, with implementation of the actions being decentralized to the other spheres of government. In addition, the government will do its best to see that those actions are carried out with growing participation by the various segments of society not only in proposing and monitoring actions but also in cooperating, under various forms of partnership, in implementation of the programs.

Chile

'Controversial' Hillary Clinton Seeks 'New Image'

PY1210225895 Santiago Televisión Nacional de Chile Imagen Internacional in Spanish
1100 GMT 12 Oct 95

[Report by Monica Perez from Washington; for the "24 Hours" newscast]

[FBIS Translated Text] Hillary Clinton, the most controversial First Lady in U.S. history, will begin within the next few hours a five-day tour of Latin America, which includes Chile, with the goal of becoming acquainted with the status of Latin American women. Hillary Clinton also wants to find a new image in her role as wife of the U.S. President.

We now have a report from Monica Perez in Washington.

[Begin recording] [Perez] Loved by many people and hated by many other people, Hillary Clinton is the most controversial First Lady in U.S. history. Her sin: Not being the typical wife of a president, who merely invites people to have tea.

It could not be different for this prestigious attorney from Yale University, who has her own credentials to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

apply, on her own, for any government post. This is why Hillary Clinton has had so many problems finding her own place in her husband's administration.

[Hillary Clinton, in English fading into Spanish report] We do want every American to have acces: to...

[Perez] The U.S. health system's reform was her most significant failure. Appointed by President Clinton, she headed a team that had to find a formula to reduce medical costs that could not be paid by the poorest people. Hillary, however, could not resist the pressures of large medical corporations and her reform failed.

Some people are also criticizing her for having an extremely strong character and for becoming involved in issues that do not concern her, such as the appointment or removal of U.S. Administration officials.

Nevertheless, those were her worst moments. Hillary now seems to have found a new, more positive, role, involving foreign policy.

After participating in the women's summit in Beijing, she found her fighting ground [nicho de pelea], astutely blending her political agenda with championing women's and children's rights.

This will be her third visit to Latin America without her husband. She will visit Nicaragua, Brazil, Paraguay, and Chile to discuss these issues.

Hillary's change is based on the belief that she can help President Clinton regain the votes that he lost in the past elections from women, Negroes, and the elderly.

If Hillary Clinton actually wants to help her husband remain in the White House after the 1996 elections, she will have to maintain this new image of moderation.

It seems that first ladies with an extremely strong personality are not permitted even in such liberal countries as this one. [end recording]

Patrol Boat Being Built for Mauritius

PY1310010795 Santiago EL MERCURIO in Spanish 25 Sep 95 p C6

[Report by Patricio Gomes Couchot from Talcahuano]

[FBIS Translated Excerpt] Naval Docks and Yards (Asmar) in Talcahuano is building the first military vessel for export: a modern and versatile patrol boat for the high seas ordered by the Mauritius Islands. The vessel will be ready around 10 May 1996.

This ship, worth approximately $22 million, is one of Asmar's most successful international projects in terms of efficiency and competitiveness. It implied winning an international tender by underbidding British and Dutch shipyards by between 20 and 25 percent. [passage omitted]

Asmar-Talcahuano Manager Captain Hernan Barria explained that the Mauritius Islands want the vessel to patrol its exclusive economic zone and perform police missions such as smuggling and drug interdiction. The boat the Asmar is building is extremely versatile and modern; it is 75 meters long, 14 meters wide, and its keel-to-deck height is 6.8 meters. The boat has a range of 4,000 nautical miles, which means that it can operate for 30 days without refueling, and carries a crew of 57.

The patrol boat is designed to carry missiles and a medium-size helicopter, although because of the duties to which it will be assigned it will only have one machine gun. Although the boat is built to military specifications, some commercial components were used to cut down costs while fulfilling all requirements. The boat will cost between $20 and $22 million. If it were to meet all military standards, it would cost approximately $50 million.

Christian Democratic Leader Views Fiscal Policy

PY1210175195 Santiago EL MERCURIO in Spanish 5 Oct 95 p C2

[FBIS Translated Excerpt] Alejandro Foxley, chairman of the Christian Democratic Party [PDC], has stated that the solidity of the fiscal policy, from the viewpoint of savings and surplus, and the growth with equity development strategy, have made it possible to encourage strong private investment and reduce the gap between the rich and the poor by 40 percent during the past five years.

According to this estimate, if the monetary income of the families and the effect of the government's social expenditures during the past five years are taken into account, the 20 percent representing the poorest sector of society has increased its income by 50 percent, in real terms, while the income of the middle class has increased by 30 to 40 percent.

He said that in the accounting on public finances given before Congress yesterday by Finance Minister Eduardo Aninat, it is obvious the government continues to implement a policy that has been successful. This policy places great emphasis on public savings and on generating a fiscal surplus.

In his report to Congress, Aninat asserted that Chile, together with Malaysia, is the only country in the world that, in the past five years, has attained such balanced fiscal accounts, consistently generating a surplus.

Foxley commented that businessmen should be aware that the strong fiscal savings, the public austerity, and

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the government's surplus immediately generate a sense of economic solidity of such a magnitude that it is reflected in very favorable indicators as regards public investments and, in particular, private investments.

The latest National Socioeconomic Characterization (Casen) [Caracterizacion Socioeconomica Nacional] shows that the most well-off families in Chile have an average income that surpasses the income of the poorest families by 13-fold.

Foxley explained that, taking into account the redistribution of social expenditures, this difference has shrunk by 40 percent during the past five years. Therefore, the income of the poorest is surpassed eight-fold by that of the wealthiest families. [passage omitted]

Signing of Economic Cooperation Accord With Peru Expedited

PY1310010195 Santiago EL MERCURIO in Spanish 1 Oct 95 p C2

[Report by special envoy to New York Elia Simeone]

[FBIS Translated Text] The Chilean and Peruvian Governments have agreed to make a great effort to promote the signing in the near future of an economic cooperation agreement, an agreement for the promotion and protection of investments and a scientific-technical cooperation agreement.

This is one of the main issues raised during a bilateral meeting between Peruvian Foreign Minister Francisco Tudela and his Chilean counterpart Jose Miguel Insulza.

The two ministers discussed the future of the "Lima Convention" and the assessment of this document by Peru.

The bilateral meeting was held within the framework of the 50th ordinary period of sessions of the UN General Assembly in this city.

The meeting was especially important because it came after a series of statements in Lima and in Santiago regarding the agreements signed by the two governments on 11 May 1993. Ratification of this document by the Peruvian Congress is still pending and its fate is still uncertain.

The Tudela-Insulza meeting was also important because of the commercial issues discussed, especially after the first disagreements surfaced at a technical level regarding the economic cooperation agreement. While Chile protested that Peru presented an extremely long list of products to be excluded from the customs tariff exemption list, and those that will be subject to a slower procedure continue to be a mystery, the Peruvians expressed concern over the treatment to be given to the goods subject to the free trade zone and which, on the Chilean side will be subsidized.

Interviewed by EL MERCURIO, Insulza said he agreed with Tudela that negotiations over this issue should be unlocked and the two countries must make a great effort to reach an agreement over it. He commented that always at the start lists of products including numerous exceptions are exchanged but that if there is the desire an acceptable and convenient agreement for both Chile and Peru can be reached.

One issue that influenced the foreign ministers' decision was their assessment of the current level of bilateral economic, commercial, and financial relations. They realized that these aspects have acquired special importance because the Chilean and Peruvian economies do not compete — but rather are complementary — and a significant amount of trade and flow of investments is taking place.

It was established that "a positive de facto integration" is taking place and that it is convenient to give this relationship the adequate legal framework for it to develop on stable grounds. This entails mechanisms to solve possible controversies.

The aspect that was most difficult to asses was that related to the "Lima Convention" and other agreements signed in 1993, which complete the pending issues of the 1929 Treaty and its complementary protocol.

This instrument establishes the rules for the administration by Peru of port, customs, railway facilities that Peru built in Arica bay, as established in Article No. 5 of the 1929 Treaty.

Minister Insulza was extremely cautious in his statements to this daily on that subject.

Minister Tudela seemingly told his Chilean counterpart about his willingness to unlock this subject and, according to what Insulza said, they agreed to raise the issue again before the Ibero-American summit to be held next month in Bariloche, Argentina.

Tudela explained to Insulza aspects of the domestic process some authorities of the Peruvian Foreign Ministry have begun. The desire is to have a broad idea of the general opinion in Peru on the text of the agreements signed in 1993.

Asked if Tudela expressed willingness for the Lima Convention to be ratified by the Peruvian Congress, Insulza eluded answering the question directly and only said that the governments are determined to "make good progress."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

He said the Lima and Santiago governments "have been equally engaged" in doing this since they signed the agreements during a solemn ceremony at the Peruvian Government Place, presided over by President Alberto Fujimori.

The two governments are committed to sign the conventions.

Insulza did not say if Tudela raised some subjects Peru would like to discuss again.

Although for Chile the Lima Convention is not renegotiable, it is known that the two governments have exchanged information on some amendments and concessions they would be willing to make so that the agreement may be ratified by Congress.

Mutual Confidence Measures Assessed With Peruvian Officers

PY1310012895 Santiago EL MERCURIO in Spanish 26 Sep 95 p C5

[FBIS Translated Text] Yesterday in Santiago, within the framework of the 10th annual round of joint military talks, members of the Chilean and Peruvian high military command began to assess the progress made under the measures of mutual confidence promoted by the Armed Forces of their respective countries.

The meeting started at 0945 at the Diego Portales building and will end at noon on 29 September.

The Chilean delegation is headed by Vice Admiral Juan Mackay, chief of staff of the Navy. The other Chilean representatives are: Major General Richard Quaas, chief of staff of the Army; General Maximo Venegas, personnel director of the Chilean Air Force; General Raul Tapia Esdale, national defense chief of staff, and other military authorities.

The Peruvian delegation is headed by Division General Howard Rodriguez Malaga; Vice Admiral Luis Giampietri Rojas; Air Force Lieutenant General Cesar Urday Bagazo; General Tomas Castillo Meza; General Adrian Roman Fernandez; and Juan Carlos Capunay, minister adviser of the Peruvian Foreign Ministry.

Throughout the week the Chilean and Peruvian military men will discuss a series of common interest subjects like the current status of the drug trafficking problem and its impact on the region; sea transportation for dangerous substances; the safety of military personnel on international peace-seeking missions, and internal borders, among other issues.

World Police Congress Closes in Santiago

PY1310014795 Santiago EL MERCURIO in Spanish 7 Oct 95 p A1

[FBIS Translated Excerpt] The Second World Congress of Police Forces closed at the Diego Portales Building on 6 October. The attending delegates firmly committed themselves to setting up a supranational organization that would successfully deal with international crimes such as drug trafficking, terrorism, and economic crimes.

Delegates from 27 countries from five continents attended the four-day meeting. These delegates advocated timely cooperation among police forces to prevent the above-mentioned crimes.

New types of economic crimes cropping up in rapidly developing countries deserved special attention. The delegates stressed the need for appropriate laws to deal with these crimes to prevent them from disrupting the development of the countries. [passage omitted]

Argentina, Australia, Belgium, Bolivia, Brazil, Colombia, Chile, Ecuador, Egypt, El Salvador, Spain, the United States, Mexico, the Philippines, France, Guatemala, Honduras, Israel, Italy, Malaysia, Nicaragua, Panama, Paraguay, Peru, Portugal, South Africa, and Venezuela were represented at the meeting. [passage omitted]

The Second World Congress of Police Forces that met in Santiago from 3 October through 6 October agreed:

— To approve in general terms the draft proposal to institutionalize the World Congress of Police Forces, Comupol, submitted by the Colombian National Police;

— To establish a technical working committee for the drafting of the charter which will be submitted for the consideration of the Third Comupol which will be held in Colombia during the first quarter of 1996;

— To accept the proposal of Marco Antonio Catilleja, representative of Mexico City Third Federal District Public Security Force, to designate said city as the seat of the Fourth Comupol to take place in 1997;

— To share knowledge stemming from experience and police studies in order to help the governments to devise new and better strategies for crime prevention, and to better classify new illegal activities that crop up in the wake of human progress;

— To study permanent mechanisms or channels for communication through the appropriate offices of each institution that will enable adequate, swift, and effective interaction among member institutions;

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

— To seek the commitment of the governments to provide political, legislative, and financial support to the newborn organization, and to promote international recognition of this body;

— To promote initiatives aimed at creating a position of police attache, or some other kind of police representative, particularly at embassies in nations whose police forces belong to the Comupol.

— To thank UN observer Julio Heredia-Perez for participating in the meeting and supporting initiatives that will encourage rapport between police institutions that are always looking for ways to improve their struggle against international crime.

Colombia

Reports on Possible Samper Investigation, Drug Money

Court Sanctions Investigation

PA1310013295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Oct 95

[From the "Seven O'Clock Newscast"; passages within quotation marks recorded]

[FBIS Translated Text] The Constitutional Court has finally made official its ruling that the Accusations Committee does indeed have jurisdiction to investigate the president. The different opinions among the magistrates were made evident on 12 October.

[Unidentified reporter] Although the Constitutional Court ruled that the Accusations Committee has jurisdiction to investigate the president, in a vote of eight to one, Magistrate Vladimiro Naranjo — who was the only magistrate to disagree — insists that the Prosecutor General's Office must carry out this investigation.

[Naranjo] "The Prosecutor General's Office has the constitutional jurisdiction to investigate those who have constitutional immunity. The Prosecutor General's Office can accuse the president of the Republic at any time."

[Reporter] According to Naranjo, the Constitutional Court made a mistake with the ruling, because, constitutionally speaking, the House of Representatives can investigate the president only at the request of the Prosecutor General's Office or an individual.

[Naranjo] "Nowhere does the Constitution stipulate that the Accusations Committee can carry out this investigation at the request of a party, as it is currently doing."

[Reporter] Meanwhile, Constitutional Court President Jose Gregorio Hernandez explained his position:

[Hernandez] "He had not been accused; however, he had the right — precisely because he had not been accused and because of the rumors and tales going around — to make his judge define his responsibilities."

Samper on Drug Money, Other Issues

BR1110124895 Madrid EL PAIS in Spanish 8 Oct 95 pp 6-7

[Interview with President Ernesto Samper by Jose Comas in Bonn; date not given: "I Shall Come Out of the Presidency Either in a Dignified Manner or Dead"]

[FBIS Translated Text] Bonn — *During his visit to Bonn, Colombian President Samper received the correspondent from EL PAIS at the German Government's guest residence, located on the Petersberg hill, on a misty autumnal morning. Neither the accusations made by his election campaign's treasurer; nor [Colombian] Defense Minister Fernando Botero's imprisonment; nor again the resignation of high officials, such as the London Ambassador Noemi Sanin, seemed to worry him. During the interview Samper showed that he had not lost his sense of humor, and he remarked that he would be back in Colombia today to present a medal to the winner of the World Cycling Championship who, he believed, would not be Spaniard Miguel Indurain but rather a Colombian.*

[Comas] The German agency ADP said you left on a trip with a time bomb set to explode in Colombia. Are you not afraid that this might be a voyage of no return?

[Samper] (Laughing) In Colombia problems and difficulties have been on the agenda for many years now. It is a dynamic country, characterized by conflict, confrontation, but also by very positive things. If the president of Colombia were unable to travel abroad because of a situation of this kind, then no Colombian president would ever be able to go abroad. This does not apply to me alone, but also to my predecessors.

[Comas] Are you still finding time to govern the country?

[Samper] I believe that of all the issues I deal with, the one which concerns me least is the one which people believe concerns me most. One of my greatest satisfactions in this first year in government is that I have not ceased for a single minute implementing the agenda I set out to implement when I was elected.

[Comas] Do you believe you will reach the end of your term of office?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Samper] My goodness, what a question!

[Comas] Faced with all the existing accusations, can you claim that no money from drug trafficking was used in your election campaign?

[Samper] This is what the public prosecutor's office is currently investigating, with the government's full support. Indeed, this week we have succeeded in confirming all institutional powers so as to enable justice to function, to be expressed institutionally in accordance with the rules of so-called proper procedure, to enable an in-depth investigation to be carried out, to get to the truth of this matter, and enable justice to follow its course.

[Comas] What will you do if it is conclusively proved that drug-trafficking funds were involved?

[Samper] I am not working on the basis of such an assumption. I was the person who requested the investigation. I have also indicated that I am prepared to account for my actions before the Chamber of Representatives' enquiry committee which, in Colombia, is the natural court to judge the president of the Republic. I believe this was my duty and, of course, I am fully confident in the outcome of the investigation.

[Comas] Are you aware that such a thing exists as intentional ignorance?

[Samper] It is like intentional fraud, it is a pleonasm.

[Comas] You might be saying: "I do not know what is going on, but I would rather not know."

[Samper] No. What I have said is that, if any presence or infiltration of unlawful money should ever be proven, this would have happened behind my back and in no case would it call into question my government's political will, which is unshakeable, to combat drug trafficking, as we have been doing so far and will continue to do in the future.

[Comas] There may be no criminal liability, but there may well be a political liability.

[Samper] I am waiting for the results of the enquiry, because I believe it is in my country's best interest for these issues to be dealt with institutionally, through the bodies established by the Constitution for this purpose. This is why I have offered the public prosecutor's office all my help, so that it can get to the bottom of this matter and to the truth.

[Comas] Leading members of your government have claimed there is a U.S. conspiracy. They are accusing the DEA (U.S. antinarcotics agency) and the U.S. Embassy. Why should the United States be interested in destabilizing your government?

[Samper] So far no charges have been brought against the U.S. Government or any U.S. officials for having acted against the Colombian Government.

[Comas] Your interior minister accused them very forcefully.

[Samper] There was no accusation on the part of the interior minister, and the official version is that the Colombian Government has not charged any government or foreign official resident in Colombia with taking part in conspirational activities against the government.

[Comas] There are rumors of movements by nationalist military staff.

[Samper] Maybe in Spain — I have heard no such rumors in Colombia.

[Comas] The group that carried out the attack on your lawyer is called Movement for Colombia's Dignity. What information do you have on it?

[Samper] We have no complete information. Investigations are being carried out on the basis of various possibilities, including paramilitary groups, guerrilla groups, and drug traffickers. But, for obvious reasons, I cannot tell you anything that might jeopardize the investigation. The government is following the inquiries very closely.

[Comas] Do you believe there is some sort of plot against you?

[Samper] What there might be is a convergence of well-known hatreds (for Samper — EL PAIS editor's note), which have now found a common denominator. Political enemies, people interested in destabilizing the country, associated with subversive groups. Whether or not these people are organically linked to each other I am unable to tell.

[Comas] Does this include people within your own party, perhaps?

[Samper] Not to my knowledge.

[Comas] The embassy in Spain is usually a springboard toward the presidency in Colombia.

[Samper] Tell me all about it.

[Comas] You are good example of this. Does the same apply to your vice president?

[Samper] Yes. I believe Dr. De la Calle is a person with a great future ahead of him and his political prospects are very good.

[Comas] However, he seems to be making some rather strange statements, including some concerning your election campaign. (Ambassador Humberto De la Calle

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

told EL PAIS that money from drug trafficking had been used — EL PAIS editor's note).

[Samper] He told me some newspapers were misinterpreting his statements.

[Comas] You are an experienced politician, and you must be aware that this happens rather often, people saying that they were misquoted...

[Samper] Yes, interviewees have the right to have their own perception of how the information was presented.

[Comas] Do you feel supported by former President Cesar Gaviria?

[Samper] He has given me his support recently, and I believe he is still supporting me.

[Comas] Is the resignation of your ambassador in London, former Foreign Minister Noemi Sanin, not a blow to your government?

[Samper] I do not think so. Each person is entitled to distance himself or herself as they think fit depending on how they perceive the political process. She is a person with a political career, and she made her decision. My duty as president is to respect her decision.

[Comas] Will Fernando Botero (election campaign chief and former defense minister, currently in jail) try to hold out, and indeed blow out like a fuse in order to save the president?

[Samper] I do not believe blowing out has anything to do with it. Fernando Botero is a person I trust, and he will prove his innocence.

[Comas] Do you believe a parallel can be established between your own situation and [Spanish Prime Minister] Felipe Gonzalez'?

[Samper] In all countries such situations have features which make them similar, but I see a positive side to them, namely, the fact that they allow institutions to show their solidity, their ability to function, and to help solve conflicts institutionally rather than in a haphazard way, and I believe this is good for any democracy.

[Comas] It seems the economy is doing well in Colombia, despite everything.

[Samper] It does not "seem." It is a fact. If nothing else is clear in Colombia, the economic upturn certainly is. We have a very solid economy — as solid as, for example, Chile. We are exporting, growing, inflation is dropping, and unemployment is decreasing. We are in very good shape.

[Comas] Does this mean that, despite politics, Colombian society is now healthier?

[Samper] It means the economy is healthy, period.

[Comas] One of the gravest issues in Colombia is violence. You yourself have published terrifying figures of casualties. You have even been accused of using these figures to divert attention. No progress is being made in this field.

[Samper] Violence is not a problem which has arisen in the last 12 months. I decreed a state of emergency in the country some 45 days ago, and we have issued measures and decrees which have been welcomed and have led to a decrease in the levels of social confrontation. The measures we are adopting today against kidnapping will be very important. I trust in these measures, such as humanizing the war against armed groups, or the social investment programs. I am not saying I will be able to eradicate violence in Colombia, but I will create the basis for democratic coexistence.

[Comas] It would seem that the EPL (People's Liberation Army — EL PAIS editor's note) guerrillas who are giving up armed struggle in Uraba are being murdered.

[Samper] A conflict has existed there for many years between two armed groups — FARC (Revolutionary Armed Forces of Colombia — EL PAIS editor's note), and the EPL — which are vying for a sort of territorial control and also for controlling the banana trade association in Uraba. It is a very worrying situation and my government has been implementing three types of measures: creating the conditions for improved democratic coexistence in the area, developing social action programs in the area, and establishing a military presence.

[Comas] Has the telephone link with the FARC, the famous telephone link, been cut?

[Samper] Yes, they did not pay the bill.

[Comas] Peru has asked for the extradition of former President Alan Garcia. What will your government do about it?

[Samper] Extradition has not been formally requested.

[Comas] What happens if it is?

[Samper] I cannot prejudge the situation. This would be overstepping my powers. The proper procedure must be followed through Colombia's Supreme Court of Justice, and we would obviously have to look very closely at the reasons why they are requesting extradition, assuming they do.

[Comas] Are the two precedents of Fernando Collor de Mello and Carlos Andres (impeached presidents in Brazil and Venezuela respectively) not preventing you from sleeping at night?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Samper] Not at all, not at all.

[Comas] Are you not concerned that the same may happen to you?

[Samper] Not in the least.

[Comas] You said that you would continue in office until the end of your mandate, and that you would come out of it either holding up your head or dead. Do you agree that it would be an equally dignified way out to say that, given the morality required by the presidency, you cannot accept being in a doubtful position and therefore you are resigning?

[Samper] I do not consider myself in a doubtful position. If I did, then probably I would resign. It is precisely because I have no doubts whatever about my conduct that I have said that I will come out of the presidency either in a dignified manner or dead.

Samper: 'No Possibility Whatsoever' of Coup

PA1310015495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Oct 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] President Ernesto Samper has talked about a coup d'etat for the first time. He did it to say that those who talk about this possibility are the widowers of power [viudos de poder].

[Begin recording] [Samper] There is no possibility whatsoever of having a coup d'etat in Colombia. We Colombians have 150 years of republican and civil life. These are mere hallucinations by certain people afflicted with the syndrome of being widowers of power.

[Unidentified reporter] Media reports stated that (Julio Mario Santo Domingo) has left you without his friendship and economic support. Is that true?

[Samper] No businessman has stopped supporting the government. People have to understand that, in an opening system such as the one Colombia is currently experiencing, businessmen, the government, and workers no longer are enemies; we are partners in the same company. [end recording]

Cartel Communications Leader Arrested

PA1310043395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 13 Oct 95

[From the "QAP News" newscast]

[FBIS Translated Text] Attention, the police have just arrested Gilberto Mora Meza alias Tocayo, top leader of communications of the Cali Cartel. This man had nearly the entire country wiretapped. Vicky Davila is at the place where the arrest took place in Santa Fe de Bogota. Go ahead, Vicky:

[Davila] Good evening. A few minutes ago, the police arrested Mora, alias Tocayo, here at the Paseo Real Shopping Mall, in the northern part of Santa Fe de Bogota. An arrest warrant had been issued for this man for illegal enrichment and illegal telephone wiretapping.

According to the police, this man directed all the telephone wiretapping operations for the Cali Cartel and tracked down the communications of high-ranking government officials and public security officers. He was even charged with intercepting DEA communications and in various raids against the Rodriguez Orejuela brothers, checks for large sums of money drawn in the name of Mora, alias Tocayo, were found. He was the boss of a man known as Tacones that was apprehended with Miguel Rodriguez Orejuela, who is now imprisoned at the Modelo Prison.

At this hour, police are conducting several raids against several centers of operations of this Cali Cartel communications network. This is all I have to report. We will shortly interview General Montenegro, who directed this operation.

Let us go back to the studios.

[Station announcer] According to the police, the man apprehended today frequently visited the Rodriguez Orejuela brothers at the maximum security compound of La Picota Prison. We now go back to Vicky Davila, who is with Gen. Montenegro. Go ahead, Vicky:

[Davila] General, how was this arrest made?

[Montenegro] Based on information we found in documents seized from Gilberto and Miguel, we found invoices for services to a guy by the name of Gilberto Mora, alias Tocayo. We established his name is Gilberto Mora Meza and this resulted in his arrest.

[Davila] How important is this man in the Cali Cartel structure?

[Montenegro] We believe he has the same importance as Espinoza [word indistinct] of Cali. In other words, this man has the capability of intercepting, tracking down, or wiretapping any call from any personality in the country.

[Davila] There is talk he even intercepted DEA calls?

[Montenegro] That has not been established at this time, but he has the capability to do so. And on 30 September, he visited Cali Cartel bosses.

[Davila] Thank you very much, Gen. Montenegro.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Assistant Prosecutor Charged

PA1310050595 Madrid EFE in Spanish 0029 GMT 13 Oct 95

[FBIS Translated Text] Santa Fe de Bogota, 12 Oct (EFE) — The Accusations Committee of the Colombian Chamber of Representatives today began an investigation, for "abuse of authority," against Assistant Prosecutor General Adolfo Salamanca, who told the media on 29 September that President Ernesto Samper was elected with the help of drug traffickers' money.

Radio Cadena Nacional (RCN) reported that citizen Adolfo Rojas Lencini filed charges against Salamanca at that agency of the legislative branch.

According to Rojas Lencini, Salamanca, who was acting prosecutor general at the time, "smeared," with his statements, all the people involved in Process 8,000.

Through Process 8,000 the Attorney General's Office is currently investigating more than 200 persons, including politicians and officials, because they reportedly received money from the Cali Cartel.

Salamanca stated it was "fully confirmed" that the president was elected with the economic support of drug trafficking organizations, and many high-ranking government posts were also affected.

Nevertheless, the official refused to comment on Samper's guilt or innocence, because "his natural judge" was the Accusations Committee of the Chamber of Representatives.

Hours earlier, Samper had held the Prosecutor General's Office — particularly Salamanca — liable for encouraging with its statements the dark forces of a conspiracy to destabilize the country. According to the president, this conspiracy evolved into the attack on his lawyer, Antonio Jose Cancino, on 27 September 1995.

Interior Minister Horacio Serpa Uribe maintained that the official had "pre-judged and rendered a guilty verdict in advance" against the president.

The controversy experienced in the last week of September aggravated the crisis of the government of Samper, whom — according to the former treasurer of the electoral organization, Santiago Medina — the drug lords had reportedly helped with 5 billion pesos ($6.3 million).

The Accusations Committee of the House of Representatives, which given its constitutional jurisdiction is the only body that can investigate the Colombian president, is investigating Samper, who has repeatedly said he will not resign, and that he will leave the presidency only at the end of his term or "dead."

Senators Hail Samper's Patriotism

PA1210151695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 12 Oct 95

[Interview with Senator Jose Renan Trujillo by Dario Arizmendi, in Caracol's 0600 to 0900 newscast]

[FBIS Translated Text] [Arizmendi] A very important group of senators — a total of 45, liberals, conservatives, and independent — have sent President Ernesto Samper Pizano a signed document in which they state: We, as citizens and senators want to acknowledge the patriotism and courage with which your government is facing the difficulties the country is enduring.

The document also points out the courageous and intelligent conduct of Dr. Horacio Serpa Uribe as Interior Minister and as delegated minister.

We have called the Liberal Party senator for Valle Department, Jose Renan Trujillo. It is 0703 hours. Dr. Trujillo, who authored that document, and why are so many backing in agreement at once?

[Trujillo] Good morning, Dario. Actually, the note addressed to the president of the country has 55 authors. In that note, we point out the patriotism and the courage with which he has handled the government — in the company of ministers, of course — and for the country's internal affairs, especially, of Horacio Serpa Uribe, who has distinguished himself because of his uprightness, loyalty, and intellectual worth.

[Arizmendi] But other sectors of the country have a different opinion — for example, the National Associations Council [Consejo Gremial Nacional], the National Association of Industrialists, and official spokesmen of the Conservative Party. Why do you insist on defending Dr. Serpa?

[Trujillo] Basically, because in a country where there is an increasing loss of values, it is necessary to stress the fact that uprightness, the capability to work, and the ability to function to guarantee the defense of legally established institutions exists.

This is a democracy, Dario, and those of us who believe in democracy, also believe in the validity of the people's will as expressed in the polls, and we have to defend legally constituted institutions, and this is what Horacio Serpa Uribe has done. He is a democrat, a defender of institutions that, as a result of the will expressed by the people in the polls, have been fortified; and we have seen how the ministry he heads has demonstrated an absolute ability to handle situations that have emerged and has shielded the president in a situation that undoubtedly — and we cannot hide this — has had disquieting moments.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Arizmendi] What is the position of the signatories, and your own, with regard to charges that the DEA has meddled or operated irregularly in Colombia?

[Trujillo] In the document we have sent to the president, we say that our country traditionally has known how to harmonize sovereignty and autonomy with respect and cooperation in international relations. In the document we also tell President Samper that we are an honorable nation and that we acknowledge the legitimacy of our present government authorities.

This is why the 55 senators of the Republic who have signed this document have categorically rejected ill-intentioned interpretations that in our opinion are aimed only at weakening the government in the eyes of the nation and of foreigners — especially when in the next few days there will be in our country most important international delegations, at the Nonaligned Movement summit.

We have noticed that there are very strange forces trying to perpetuate a moment of institutional crisis in Colombia to project this crisis image at the international level.

[Arizmendi] Dr. Trujillo, is it a coincidence that your document backing the president was made known yesterday when there were also rumors about the possibility of a coup d'etat in Colombia?

[Trujillo] I believe that such possibility is absurd. This is a very solid democracy. We have seen, especially two days ago, in the First Constitutional Commission of the Senate, which I have the honor of heading, that the military forces and their highest ranking commands, have an attitude completely in favor of defending democracy.

They have defended the military, of course, but they have also stated positions that the Colombians have clearly understood as fundamental support for the democratically elected government. We think we have to unify forces to defend democracy.

[Arizmendi] Thank you, Senator Jose Renan Trujillo.

Minister: Rebel Tactics Change With Assassination

PA1210145595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 11 Oct 95

[Report by Jorge Humberto Moreno and Juan C. Mateus; from the "Seven O'Clock Newscast" — passages within quotation marks recorded]

[FBIS Translated Text] [Moreno] An official in the Apartado mayor's office is one of the latest victims of Uraba region violence. Edgar Mauricio Plazas Nino, secretary general of the local administration, was shot to death at 0705 today as he was walking near the office. He received two bullets in the head, which killed him instantly. Relatives of Plaza Nino, a 35-year-old industrial engineer and Hope, Peace, and Liberty militant, flew from Medellin to accompany the body back to Antioquia Department's capital:

[Plaza Nino's mother] "I forgive my son's killers. I feel no hatred toward them. I beg all of you to consider this act and the need for peace in Colombia."

[Mateus] Defense Minister Juan Carlos Esguerra believes that recent steps to protect peasants and banana plantations are forcing the guerrillas to change their strategy and targets, which may be behind Plazas Nino's assassination:

[Esguerra] "Protecting busloads of workers traveling to and from their work sites has eased the situation in that respect."

[Mateus] Yet, attacks can come from anywhere:

[Esguerra] "I was surprised to hear of the deplorable assassination of the secretary general of the mayor's office. We are in the process of investigating, pursuing, and finding the criminals."

[Mateus] Esguerra says that people are aware of the violence, especially in light of the circumstances surrounding the assassination and the fact that few soldiers are stationed in the area.

Paramilitary Group Threatens Union Members

PA1210151795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 12 Oct 95

[From the "Seven O'Clock" newscast]

[FBIS Translated Text] A paramilitary organization known as the Henry Perez Group has appeared in Barranca Bermeja, issuing death threats against union members and communists. Workers Trade Union [USO] leaders are urging members of the public to speak out against the Magdalena Medio self-defense group's threats against union members and to declare their solidarity with the union. The Henry Perez Group has issued a letter in La Dorada, Caldas, declaring war on what it calls camouflaged guerrillas. The letter names 23 people — including Cesar Carrillo, USO's national leader; United Workers Federation leaders; and Patriotic Union Senator Hernan Mota Mota — that the organization believes are linked to the National Liberation Army, the Revolutionary Armed Forces of Colombia, and the Popular Liberation Army:

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Begin recording of USO director Jorge Gamboa] These kinds of threats destabilize the region. Psychological warfare brings violence. [end recording]

The union organization claims that the threats have already forced 16 activists to leave the area. One final note: Two USO leaders are under arrest — one in Bucaramanaga and one at La Picota Prison — suspected of collaborating with subversive groups.

Defense Minister Interviewed on Military

PA1210180095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 12 Oct 95

[Studio interview with Defense Minister Juan Carlos Esguerra Portocarrero by Dario Arizmendi, Judith Sarmiento, and an unidentified correspondent; from the "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Excerpt] [Arizmendi] Welcome, Mr. Minister. Thank you very much for appearing on "Caracol's 0600 to 0900" newscast today.

[Esguerra] Good morning. Thank you very much for having me.

[Arizmendi] I must ask: Are the Armed Forces as fractured as your left foot? [laughs]

[Esguerra] The only fracture in the Defense Ministry is the one in my instep. There are absolutely no other divisions. I say this in all certainty and with pride in Colombia.

[Arizmendi] Why are retired soldiers — generals who served this country with devotion and a sense of republicanism at their own personal expense — getting on other radio stations and calling for a military coup in response to Colombia's institutional and political crisis?

[Esguerra] With all due respect for those illustrious retired military men, I have been asking myself that very question. I cannot figure out what is behind these rather inflammatory remarks. They seem to want to provoke the military forces into staging a coup. I do not [words indistinct] is not in keeping with the respect that our soldiers have always shown.

[Arizmendi] There is talk of esprit de corps, especially within the military. Are there soldiers out there who are willing to heed these coupist voices and disrupt our development as a republic?

[Esguerra] Absolutely not. Absolutely not. I have spoken with illustrious gentlemen in the military hierarchy within the past few hours and days. I had the opportunity during recent trips abroad to chat with the commanders of various garrisons. They embody the very spirit that has come to characterize our military forces. They have complete respect for the de jure state, the institutions, and the separation of the branches of state. This is how it should be.

[Arizmendi] Are those retired military men — the generals who repeatedly raise the coup issue on radio stations other than Caracol — truly part of the conspiracy that other ranking government officials contend is out there?

[Esguerra] I truly do not know. I do not know the details surrounding this. I dare say that they are simply expressing their personal views. There is no way to explain these views: These soldiers had as much respect for institutions and the established legal order throughout their military careers as their successors at the helm of the public force have now.

[Arizmendi] Mr. Minister, I know nothing about this: What are the obligations and duties of a retired soldier?

[Esguerra] The Constitution that each and every Colombian lives by lists their obligations and duties. They must respect the rights of others and the institutions. They must go through the regular channels and use the methods and institutions appropriate to a de jure state if they want to be heard or to take any kind of action. I do not know if they must observe any special code after they retire. As ordinary citizens, they are subject to the obligations of ordinary citizens.

[Arizmendi] Mr. Minister, could some of them not be described as rebels since they are inciting the civilian population to rebellion?

[Esguerra] They can form a commission or something along those lines just like any other citizen can. They simply want to be heard, which is one of the ills we Colombians often suffer.

[Arizmendi] Like so many parliamentarians during their debates.

[Esguerra] It is their job to speak — as their title indicates, for to parley means to speak — on behalf of Colombians from various regions in the seat of democracy that we call Congress. That is understandable. However, what the retired troops are doing on the radio stations, their attempts to incite to rebellion and to generate destabilization efforts among their former fellow soldiers and subordinates, in a country in which the military forces have always done the opposite, seems incredible and totally unbelievable.

[Arizmendi] Before we move on to discuss other topics, it appears to us that you have quite a grip on your staff of command.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Esguerra] I must confess I am quite pleased with it [laughter].

[Arizmendi] In order to deal with the fracture in his instep he suffered a few days ago, the minister must use a cane to get around, and he truly holds it very firmly with his right hand. [Words indistinct]?

[Esguerra] I must do that when I am walking because the fracture is in my right foot.

[Arizmendi] Are you still teaching?

[Esguerra] Yes, I am still teaching. One of the requests I made to President Samper when I decided to accept this post was that I was allowed to continue my work on what Karl Marx referred to as the class struggle.

[Arizmendi] What do you teach [laughter in background] [words indistinct]?

[Esguerra] Administrative Law and Professional Ethics.

[Arizmendi] Professional Ethics is a very important subject considering the current situation in Colombia, at least for the training of the students and future lawyers. Does the class struggle also affect the Armed Forces?

[Esguerra] There is a class struggle. It affects the Superior War College, and there is one when the students are beginning military school. I believe this is the true class struggle, that is, the academic struggle.

[Arizmendi] Most often, do Colombian generals come from the upper, middle, or lower class?

[Esguerra] The truth is that I have not paid attention to that aspect. I have only looked at military officers as what they seem to me, as a caste, to use a term that some people use. I like this term because it implies a certain specialty and some particular characteristics that I have been discovering and that I have [word indistinct] in them, and that of which most Colombians are unaware.

[Arizmendi] If retired generals can be belligerent, and they are categorically demonstrating this every day through other radio stations, why can active military officers be belligerent?

[Esguerra] I believe they must only be belligerent on the battlefield. They must not be belligerent in other contexts because the legal norms prohibit it explicitly. I believe these legal norms that prohibit such conduct are wise because I believe the essence of the public forces is to remain completely on the sidelines of politics, and remain completely neutral about politics.

[Arizmendi] As a very prominent and important commentator used to argue: Is it harmful for the country to get used to listening to its generals?

[Esguerra] I believe that listening to the generals is one thing, and adopting a position of political belligerence is another. It is not harmful to listen to the generals when they speak about military subjects; or when they have things to say, advice to give, or views to express; or when they are working as a team as the members of the Public Forces should work and as the staff of the Ministry of Defense should work. However, I believe that having the generals, commanders, colonels, or the captains or lieutenants going to radio stations to state their views on what they agree or disagree with regarding political matters and how they feel about the leaders — whether or not they are good, mediocre, or bad — would be the beginning of the end, in addition to the end of all respect the Colombian public has for the Public Forces themselves. Much of this respect stems from the fact that the public has seen the Public Forces detached, removed — in the positive sense of these two words — from politics.

[Arizmendi] Do all of them, generals, colonels and all those ranks that you have listed — and which I do not know — have a clear idea of what is your role and what is theirs?

[Esguerra] I am convinced they do. One of the things I have learned in the ministry is the extent to which this aspect is very important to them. It is a [word indistinct] and essential part of their training and professionalism —to have a perfectly clear idea of the scope of their jurisdiction and compliance vis-a-vis their superiors and the orders they can give to their subordinates.

[Arizmendi] What would you do if any of them breaks ranks?

[Esguerra] It would depend on the nature of the offense. If it only happens during a military parade, I would tell the person's superior to [laughter in background] have him march and do drills. Now, if the offense is more serious and if it is related to political matters, then I would have to adopt the measures stipulated by the Constitution and the law.

[Arizmendi] Does the popular saying: Those who break ranks should be punished, apply here?

[Esguerra] Not necessarily. I prefer more juridical sayings, such as those that are consecrated in the laws, for instance. If any serious matter were involved, we would have to take all the pertaining measures and procedures, file the pertaining charges, and eventually, enforce the norms of the military criminal justice system. This is why these rules were created.

[Arizmendi] Remember that in this century there has only been one interruption to legal order: 13 June 1953

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

— a military coup. How can you explain that respect by the military forces to republican order?

[Esguerra] I think it is due to Colombia's republican tradition. It is due to Colombia's peaceful tradition, and it is due to the cultural devotion we Colombians have for a legal state. I believe that one of Colombia's best assets, which we do not sufficiently appreciate, perhaps because we are so used to it, is respect to the public force, to constitutional order, to legal order, and for a legal state. This is different from what has occurred in the past to sister countries, more or less geographically close to ours, and in which military coups were practically a daily event each time someone did not like something that was being done or not done. You see, in Colombia that has never happened, never. Thank God!

[Arizmendi] Every time there is a crisis, magazines such as SEMANA or CAMBIO16, or whatever, display titles such as these on their covers. Saber rattling. Lately, other media are starting to mention military coups, which is an incitation for this to happen. To what do you attribute this new language, especially as of late?

[Esguerra] The truth is that I do not understand why. It seems to me, and I have to describe it with much respect, rather irresponsible language. I understand freedom of expression, freedom of the press, freedom of political opinion, to be able to say whatever one pleases. But to start playing with fire, trying to incite the military to a military coup because someone might not like the administration, the president, or does not like the way certain judicial processes are developing, or because they take place here and not there, or that they take longer than one would like, is tantamount to opening the door to a situation, which is said so often but is very serious in this case: One knows how it begins, but one will never know where it ends.

[Arizmendi] By the way, what does the military say in private about the president?

[Esguerra] They respect him fully, they obey him, and are even his friends, as far as I can see. There are quite a few that play tennis with him, for example. [passage omitted]

[Arizmendi] Let us see, Mr. Minister: One question many people ask is whether or not it is true that the military forces have and have always had leanings, tendencies. Some say, for example, General [Hernando Camilo] Zuniga, commander general, Colombian Military Armed Forces is proadministration and leans toward institutional orthodox. Following a hard line, practically opposing, is the position of Gen. [Harold] Bedoya, commander of the Army.

[Esguerra] I must confess that I have not noticed trends, tendencies, or inclinations. There may well be; perhaps there are differing opinions on various aspects of national life. This may well be the case on how the Public Force is handled or it should be handled. It is all very possible and this is absolutely normal between human beings in collegiate institutions. But one does not perceive any of this; one always perceives respect, respect for hierarchy, respect for seniority, respect for institutions. This is what one sees. I believe that what has happened over these last few days is that quite a few Colombians have played at the interpreting game — what we lawyers call legal hermeneutics — interpreting the character or the character they perceive in people. Certain political expressions or indications that do not exist. I think that character differences between the various generals certainly do exist. There are some that give the impression that they are of much stronger character than others, for example...

[Arizmendi, interrupting] Bedoya?

[Esguerra] ...or being quieter than others...

[Arizmendi, interrupting] Zuniga?

[Esguerra] ...or colder. No, no, I am no going to mention any names. Anyway, I could not place a name to each and every adjective or an adjective to each name. But it is perfectly obvious and it can be seen. Some are more talkative, some laugh more. But to then say that this one who does not laugh, who acts more serious may look like a coupist. That makes no sense at all.

[Arizmendi] What do you look like, Mr. Minister?

[Esguerra] A lawyer! [laughter] [passage omitted]

[Arizmendi] Is there a possibility that the suggestions about a coup d'etat made by some retired officers through radio stations other than Caracol could reflect the feelings of some military sectors not able to express their views precisely because they cannot issue any statements?

[Esguerra] Truthfully, I do not think so. I do not think so, because I exchange views with members of the armed forces every day and every night. I talk to them at various levels in Bogota and other parts of the country. I listen to them and hear their views about different topics. On many occasions, for example, during perfectly informal conversations with them, they express what they think and feel. They talk about themselves, their careers...

[Arizmendi, interrupting] They have not talked to you about...

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Esguerra, interrupting] They never mention that subject. That subject has never been brought up. I believe this is alien, fortunately, very alien to the way of thinking and acting of our military forces. I have not perceived, as we often do in some places like the university classrooms, where students change the topic of conversation when the teacher arrives, because they were probably saying bad things about him. I have never sensed anything like that within the military forces or the police.

[Arizmendi] Yes, but one would think that since they have been friends, have been trained together, and have been comrades, retired officers and active generals keep in touch and continue talking to each other outside the institution.

[Esguerra] I have no doubt that they talk among themselves. In fact, at some parties and social gatherings we often... [pauses] in military ceremonies, we see some distinguished retired generals and top military officers who have retired. We frequently meet them at the Superior War College, where they work as teachers. We see them at ceremonies, and we realize that the team spirit always prevails. But this opinion... [pauses] furthermore, I would even say that the expressions we have heard during past few days do not even reflect the opinion of a significant group, and much less of the majority of the retired officers. I would say that they are only isolated opinions.

[Arizmendi] Could they reflect resentments or frustrations?

[Esguerra] I cannot confirm that. I have no evidence to confirming if that is the case.

[Arizmendi] You cannot deny it either?

[Esguerra] No, neither can I deny it, but I really do not see any reason for frustration or resentment. We are talking about people whose military careers in many cases ended in top positions, who received all the honors they could receive from the republic and who were of great service to the country. Therefore, I see no reason for frustration or resentment.

[Arizmendi] Some of them were labeled as coupists while in service, and that was why they retired.

[Esguerra] There were times, episodes would describe it better. There were isolated episodes in the republic's recent history during which there was talk about risks and some kind of military plot that could have led to a coup. We will never know exactly how much of this was true. It is true, however, that those episodes existed, which nevertheless ended as they were supposed to end: with the prevalence of the established order, and the prevalence of the institutional government.

[Arizmendi] Minister Esguerra, is there a meeting of generals tomorrow?

[Esguerra] Tomorrow there will be a meeting of generals, but at the police installations.

[Arizmendi] We understand that all the branches will meet to discuss military promotions.

[Esguerra] That will begin next week.

[Arizmendi] Will you attend the meeting?

[Esguerra] Whenever it is pertinent for me to attend, of course.

[Arizmendi] Traditionally no defense minister has been present at that meeting.

[Esguerra] That is why I said that whenever it is pertinent, of course. [laughter]

[Arizmendi] Will you press for an invitation?

[Esguerra] Sometimes I like to do that, even if it is for the purpose of listening only, but if this is not appropriate then I will not do it.

[Arizmendi] What could a civilian have to say about promotions from colonel to general and from one-star general to two-star general and so forth?

[Esguerra] The first thing I would have to do is learn how that functions in the public force. The truth is that this is one military activity that we civilians can use as model for civilian life because promotions function in a very rational way, through analysis, tests, and education prior to the respective promotion, and then new tests and an analysis of the curriculum of all the people being evaluated. This is something serious and almost scientific, we could say.

[Arizmendi] Are promotions automatic or not?

[Esguerra] Automatic, but taking in consideration that the funnel principle applies here.

[Arizmendi] The automatic part is the idea.

[Esguerra] No, no. It is the funnel principle because many persons have possibilities but few can be chosen.

[Arizmendi] How much influence can civilian power, the president, and his defense minister, exert to produce the promotion of some persons and not of others?

[Esguerra] Fundamentally, this is a military privilege and it must remain so since there can be no government meddling in strictly military affairs because this would be unacceptable. However, in some aspects it is evident

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

that this has to do with politics and that decisions on matters related to the military leadership are a presidential privilege. So there are prerogatives, but all are harmoniously specified and this works well.

[Arizmendi] Have you thought about taking advantage of this meeting, or of another occasion, to have the generals issue a statement expressing their respect for civility and constitutional order, or are the statements you made today and those made yesterday by General Zuniga enough?

[Esguerra] I think the statement made yesterday by General Zuniga, as well as those he has made before to the media, which has dedicated itself to try to make him say something he has not said and has no plan to say on the case of General Bedoya, are perfectly clear and undoubtedly show the respectful attitude that has always prevailed in the Colombian military.

[Arizmendi] Minister, you have spoken now about the military caste. Since we civilians don't know much about this, why don't you tell us about General Camilo Hernando Zuniga?

[Esguerra] General Zuniga is a candid and profoundly military man who has the wisdom that years of experience that have been complemented by a professional career, provide.

I have found out, because he told me, that he is a colleague of mine, that is, that he is an attorney. So he is a military man turned attorney, contrary to me because I am an attorney turned military. He was first soldier and then attorney and I was first attorney and then military.

[Arizmendi] What do you admire most as a military man?

[Esguerra] Loyalty. Basically, loyalty.

[Arizmendi] Let's talk about Army Commander General Harold Bedoya. What do you think about him?

[Esguerra] I would say that if one could describe a person with one word, and this of course would be venturesome because one word could not comprise everything, but if this word were like those found in biographic dictionaries with the picture of the person next to the word, the word I would use is fortitude.

[Arizmendi] The word loyalty is not around there?

[Esguerra] You see? This is why I told you that descriptions cannot be limited to one word? Loyalty? Absolute loyalty, but what one first perceives in him is the fortitude of character, his spirit, his formation, and this is what is required to be Army commander.

[Arizmendi] Who is more of a military, General Zuniga or General Bedoya?

[Esguerra] I think both are, each with his own style and character, but both are profoundly military. This can be perceived in the devotion and the spirit you notice in all their actions, including apparently unimportant matters such as punctuality, and more important qualities in military life, such as martial-like demeanor and profoundly philosophical conceptions. In all this you can notice the formation, the presence, of a military man.

[Arizmendi] Which of the two mingles more with the troops?

[Esguerra] Both. I have noticed that when General Zuniga wears his troop cap he is very much one of the troops and this is important. The thing is that General Bedoya, because he is Army commander, will do this more often than General Zuniga who is the commander of all the military forces.

[Arizmendi] Which of the two is ready for action?

[Esguerra] Both. Without a doubt.

[Arizmendi] Is a larger budget needed, Mr. Minister, because often it is said that it is a question of money because of insufficient funds. Look at the almost detrimental state of the soldiers wearing old boots and worn-out uniforms. Really, regarding the economic issue, do you believe the budget that has been assigned to you is enough?

[Esguerra] No, I do not. It is not enough. It has never been enough. Of course, most Colombians do not see the situation in as wretched a condition as you have described, because the situation is not as deplorable as you have described it. Yes, we have budget limitations. However, the soldiers are properly dressed and uniformed. They are reasonably well-supplied and well-equipped. We lack many things. We lack much equipment. But you must remember something which is indisputable, something on which all the literature is very clear: There is nothing easier than guerrilla warfare, and there is nothing more difficult that counter-guerrilla warfare.

[Arizmendi] Why has President Alberto Fujimori able to defeat the guerrilla forces in Peru, while we ... we are still at it?

[Esguerra] There are a number of reasons. I am going to give you a lawyer's answer, partly because he disposed of a number of draconian laws which could not be implemented in the same way in Colombia, a State based on law and order, and which the Colombian constitution will not allow. Therefore, we have to do

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

it within the framework of a state law and order. We have improve considerably because it has been possible to use the measures and powers resulting from the internal turmoil. Even then, a state based on law and order imposes a number of limitations which have to be respected.

[Arizmendi] Could not the state of law and order be suspended with the assurance that if that were done the war could be won, and the most serious problem in Colombia in the last five decades could be solved from its very foundation?

[Esguerra] Listen, I am going to give you an answer which many people will not like, but which comes from the bottom of my heart. I believe that one can never suspend a state of law and order because the initial good opens the door so that from that moment on the state of law and order ceases to be an axiom, a fundamental bastion, and turns into something that is here today and gone tomorrow, and when we most need it there will definitely be no way to recover it.

[Arizmendi] Then, we are condemned to live with guerrilla warfare indefinitely?

[Esguerra] No, because I do not believe that the choices are as dramatic as you have describe them, that is, a suspension of the state of law and order to defeat the guerrilla forces, or surrender to the guerrilla forces. No way. We have to continue fighting it in the same manner. We have to continue along the same path. In the first year of the Samper administration a significant strides were made while every formula toward a rapprochement, and every dialogue for a peaceful settlement, was sought and proposed. In every case we found that it was not possible. Now, we have had to respond to violence with the use of force — but a proper use of force.

[Arizmendi] Has the Samper administration's peace formula worn down?

[Esguerra] No, it has not. The doors remain open for peace. As I have said on many occasions, the fact that the door remains open does not mean that we are like 19th century sweethearts staring out the door, waiting for her lover to pass by the door. In meantime, we must perform our duty because the Constitution and the law oblige us to maintain public order and to safeguard the security and tranquility of the citizens.

[Arizmendi] The door is closed, but not locked.

[Esguerra] No, it is open, but we are not continually staring out the door and not doing anything else.

[Arizmendi] Mr. Minister, do you believe the guerrilla forces have been weakened and is therefore seeking the support of drug trafficking in some areas of the country, as it is believed to have occurred in the recent attack, supported by Francisco "Pacho" Herrera Buitrago of the Cali Cartel, on military quarters in Cali?

[Esguerra] I believe that is true. I am not the only one that believes that, what is most important is that it is the opinion of other soldiers based on military intelligence evidence, their own experience, and their observations in the battle field. When the guerrilla forces decide to limit themselves strictly and exclusively to terrorist acts — an attack here, a bomb there — but does not show its face as it has done, and has not given battle, then that, from a military viewpoint, is evidence that it has been weakened and is committed to this kind of terrorist act, and is wedded and intimately engaged with drug trafficking.

[Arizmendi] Minister, there was also an alliance between drug traffickers and a guerrilla commando in the attack against Dr. Antonio Jose Cancino in which two DAS [Administrative Department of Security] agents were killed.

[Esguerra] That may have been the case, but I do not have the necessary elements of judgement to give you a categorical yes or no. However, it is a possibility that cannot be dismissed, if we take certain signs and previous incidents into consideration. Look, for instance, at Dr. Sojo's murder. This was unquestionably the case; it was a joint operation between drug traffickers and guerrillas from the FARC's [Revolutionary Armed Forces of Colombia] 42d Front.

[Arizmendi] Has it been established whether their plans were to murder him right away or kidnap him?

[Esguerra] I do not know for sure. However, everything seems to indicate that they were going to kidnap him. It has even been said that it was a politically — not solely economically — motivated kidnapping because they were going to make him stand one of those so-called people's trials. I am not totally sure about this either but it apparently was the case.

[Arizmendi] Minister, Caracol received many calls this morning while you were answering our questions. One of these questions was, is there an Office of the Attorney General syndrome?

[Esguerra] There was a broad debate on that and other issues yesterday at the Chamber of Representatives. I would not call it as much as an Office of the Attorney General syndrome, but the public force is concerned over many investigations that are initiated, some of which are justified. Sometimes, however, when a successful or heroic military or police action is carried out, investigations are conducted that are not easy to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

understand. The fact is, however, that we are working on ways to resolve this problem. I have met on several occasions with the attorney general to discuss this and I believe we will overcome the problem. Of course, the members of the public force should be totally respectful of the law and when they go overboard or get off track — as happens at times because they are human beings — the full weight of the law should be brought to bear against them. No one expects otherwise. However, the Office of the Attorney General should not let things get out of hand.

[Arizmendi] Mr. Minister, were the military forces severely affected, psychologically speaking, by General Velandia's dismissal and the circumstances surrounding that event?

[Esguerra] I would not say that the psychological impact was severe. Of course the military forces felt the pain and sadness originated by esprit de corps when a fellow soldier has been dismissed. A number of soldiers believe that the dismissal was unfair and they have reservations in that regard; it has caused sadness. However, the troops also understand that it was a disciplinary measure against a soldier and not a sanction, let alone a general moral sanction against the entire Army. It did not have a serious impact on all of us. [passage omitted]

[Arizmendi] The discussion on the new military penal code is open. What would you stress about its content?

[Esguerra] The first aspect I would stress is the fact that the commission assigned by the government to draft the bill on the military penal code was a very diverse one as it included representatives from all conceivable sectors: the Human Rights Ombudsman's Office; the Andean Commission of Jurists; several ministries; several public organizations; in addition to the Public Forces, as normally expected. One could say that, in general, everyone was there. A consensus was reached on absolutely fundamental and current topics of the military penal code, and no one would have predicted this would happen. One of the topics, for instance, was that the code must make a distinction between the concepts of jurisdiction and command, but at the same time, it must establish that the military criminal jurisdiction must exist in all circumstances.

[Arizmendi] Even in the case of offenses committed at a time the officer was not on duty?

[Esguerra] This is one of the points of disagreement: to determine which can be and which cannot be considered or classified as acts committed while on duty. This is one of the concerns that arises from the constitutional norm that stipulates that the military criminal justice comprises those crimes or acts committed while on duty. The question is, which are these acts? The group did not reach a consensus on this matter; there are different views on this. Some argue that the law should not make that sort of definition and that the courts should resolve whether or not an act can or cannot be linked to military duty. Others believe there must be a definition regarding which acts can be considered as committed while on duty. Still others believe that certain offenses must be selected and categorized as acts that will never be considered as offenses committed while on duty. The government must study this issue, and later, it will be Congress's turn to study it and issue a ruling.

[Arizmendi] I am afraid the government of President Samper will be faced with another hot potato. Madrid EFE says that Ecuadoran Vice President Alberto Dahik, who submitted his resignation yesterday after a preventive custody warrant was issued against him, is seeking political asylum in a friendly country. According to a statement by Secretary General of Public Administration Carlos Larreategui, Vice President Dahik will arrange his politcal asylum in a friendly country in the coming hours, and apparently, that friendly country is Colombia. What is your view regarding this request?

[Esguerra] I think we can be clearly considered a friend of Ecuador. Thus, from this view, that rumor might as well be true. I believe Colombia has ample experience in matters of political asylum. In addition, Colombia has set an example for the world particularly for Latin America, in matters of political asylum. Anyhow, the foreign minister rather than the defense minister would be the appropriate official to discuss the specific details of this particular case.

[Arizmendi] Is there a feeling that the military officers have their hands tied legally speaking in their fight against the guerrillas, and perhaps also in other ways? Is this truly happening?

[Esguerra] No. I would not say that military officers have their hands tied legally. I would say that they do have their limitations, and they do not always have all the necessary instruments at their disposal to accomplish their corresponding tasks. At times, they find obstacles by one government organization or another, sometimes, rightly and others wrongly. There is no doubt about this. However, I do not believe their hands are tied. They are devoted to fulfilling their duty. We must bear in mind that their mission involves more than 1 million square km of territory that must be protected in every sense, and that this is not always an easy task.

[Arizmendi] I have two last questions. We thank you very much for being here with us this morning. The first question: What gives you more character: being an

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

alumnus of the Javeriana University or being the defense minister?

[Esguerra] I think this is a winning combination. Both being a Javeriana University alumnus and being the defense minister enhance an individual's personal makeup; provide him with important experiences; and influence the traits of his character by working some changes and always adding positive things.

[Arizmendi] Two messages: one for the active military officers, and another one for the retired generals, the coupists.

[Esguerra] I will begin with the latter. I would ask the retired generals to think about Colombia; our institutions; our exemplary history regarding respect for the established order, the state of law, and the separation of government branches. In Colombia, the state of law and the separation of government branches help justice to always prevail, particularly in the most outstanding cases. If we have doubts about the conduct of one person or another, we must wait for the proper authorities to issue a statement and rule on the subject.

We cannot play with fire. If we do not like an administration, or a certain minister, or a certain president we cannot say that the time has come to topple them. To do so is very dangerous and could create a fatal precedent.

Colombia has never been and is not one of those countries, and we would be in poor shape if we thought that Colombia can begin acting this way.

As for the military forces, I fully support the tasks they have fulfilled and continue to fulfill in the performance of their duties, to which I must contribute my grain of sand."

[Arizmendi] How many high marks [soles — sun] you think you have earned today? [laughter in background]

[Esguerra] If one looks out the window, I do not see much of a prospect of the sun coming out.

Ecuador

Reports, Comments on Vice President's Resignation

Dahik Fears For Family

PA1310023895 Panama City ACAN in Spanish 0030 GMT 13 Oct 95

[FBIS Translated Text] San Jose, 12 Oct (ACAN - EFE) — Former Vice President Alberto Dahik, who today asked Costa Rica for political asylum, said that he fears for the life of his wife and five children, who remain in Ecuador.

During a news conference, Dahik, who arrived last night in Costa Rica after the Supreme Court of Justice issued a warrant for his arrest, said that he has received death threats against him and his family.

The former official did not want to elaborate on the origin of the threats but he connected them to the proceedings the Supreme Court started for the alleged misappropriation of public funds. Dahik also denied that his departure was prompted by pressure from the military, as was rumored today in Costa Rica.

According to these rumors, the military threatened President Sixto Duran-Ballen with staging a coup d'etat if the vice president stayed in Ecuador because of the political crisis that he was creating in the country.

Dahik, a 42-year-old economist, insisted that the Supreme Court is "politicized" and acting on a "vendetta" and started the proceedings in an irregular manner after the Congress absolved him after an impeachment conducted on the above-mentioned offenses.

"The Court is influenced by political interests," the former vice president reiterated today, since he said that only the Comptroller General's Office can investigate the use of the resources that the Judicial Branch claims he illegally misappropriated.

Dahik, who arrived aboard a private light airplane made a stopover in Cali, Colombia, and today asked Costa Rica for political asylum. He said he chose that country for its democratic tradition and respect for the laws.

Before flying to Argentina to a meeting prior to the Ibero-American Summit, Costa Rican Foreign Minister Fernando Naranjo said that the Foreign Ministry's Judicial Directorate will study the asylum request.

Naranjo did not say how long the study may take but explained that the former vice president will have to prove he really is being politically persecuted in his country.

Congressmen Consider Censuring President

PY1210143295 Madrid EFE in Spanish 2032 GMT 11 Oct 95

[FBIS Translated Text] Quito, 11 Oct (EFE) — Fabio Alarcon, president of the Ecuadoran Congress, and the various bloc leaders are assessing the possibility of issuing a motion of censure against President Sixto Duran-Ballen.

In statements to the media, Alarcon said that the bloc leaders will assess the executive branch's "interference" in the judicial branch resulting from the fact that Carlos Solorzano, president of the Supreme Court of Justice (CSJ), was prevented yesterday from investigating

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the movement of [Vice President Alberto] Dahik's accounts.

The CSJ is conducting a penal trial against the vice president for the alleged embezzlement of public funds. Microfilms stored in the Central Bank, with information on the movement of the current accounts, are the main proof of these charges.

Alarcon said that "there is interference, and that is very serious in terms of the judicial branch's performance." Therefore, "we are holding discussions with the bloc leaders" to see "what joint action we may take." Alarcon said this after asserting that to "avoid giving the country a show," he will adopt no decision "without the previous approval" of the congressional blocs.

Moreover, Franco Romero, vice president of the Ecuadoran Congress and representative of the Democratic Left (ID), said that this is "not the best moment for Congress to start a new impeachment process, much less one involving the president of the Republic."

In this sense, he recalled that last week Congress acquitted the vice president of charges of bribery and crimes committed against national honor, in a motion of censure against him.

Heinz Moeller, head of the Social Christian Party (PSC), also referred to the subject by telling EFE that the president's "impeachment is not opportune."

He added that "it has been proven" in Ecuador that the congressional trials "do not guarantee the struggle against corruption but, on the contrary, are themselves a source of corruption."

Various political parties have stated during the past few days that they are studying the possibility of promoting a motion of censure against the president of the Republic. Among them are the Ecuadoran Revolutionary Popular Action (APRE), the ID, and the Ecuadoran Roldist Party (PRE), but none of them have confirmed that they will carry out their intentions.

For the time being, only the Democratic People's Movement (MDP) has asserted that it will officially request the motion. Juan Jose Castello, MDP leader and presidential candidate, disclosed this information to EFE.

The MDP deputy reiterated that Dahik "must resign his post" and said that in view of Sixto Duran-Ballen's possible impeachment, "we are thinking about an interim administration; that is, not breaking the continuity of the democratic system, but rather that the two (president and vice president) leave and that someone (from the executive branch) take over for the remaining months" until the mandate concludes next year.

Duran-Ballen: Ruling on Dahik 'Unfair'

PY1310014995 Madrid EFE in Spanish 0037 GMT 13 Oct 95

[FBIS Translated Text] Quito, 12 Oct (EFE) — Ecuadoran President Sixto Duran-Ballen today renewed his criticisms against Ecuadoran courts for having issued an arrest warrant against Vice president Alberto Dahik on charges of alleged corruption.

Just as he did on 11 October when he learned about the court ruling against Dahik, who resigned and fled to Costa Rica where today he requested asylum, Duran-Ballen said that the Supreme Court ruling against Dahik is "incredible and unfair." Dahik is the leading protagonist of a penal trial for alleged embezzlement of government funds.

Duran-Ballen said that in the last seven months, after the undeclared war that Ecuador and Peru waged in January and February, Ecuadorans "have granted more importance to discussing the honor of others instead of trying to become stronger during adversities."

He said that since then, Ecuadorans have discussed "how to distribute and share the scarce resources available instead of creating more resources; and, particularly, instead of preparing for an eventual repetition of events."

Duran-Ballen regretted that "this is the image the country has conveyed at the domestic and international levels." He reasserted his solidarity with Dahik, with whom he talked on the phone today.

Duran-Ballen made this statement during the installation ceremony of Xavier Ledesma, the new minister of government (minister of interior). He replaces Abraham Romero, who resigned last week. Although he declined to give any explanations, Romero said he resigned for "political, not personal reasons."

Jose Vicenete Maldonado, the industry, commerce and integration minister, also tendered his resignation to Duran-Ballen after Dahik's resignation. According to government officials who refused to be identified, however, Maldonado's resignation was never enacted.

Maldonado has stated that the Conservative Party of National Unity (PCUN), headed by Duran-Ballen and Dahik, has confirmed its support for Duran-Ballen. There were doubts about the PCUN's support after the president publicly requested Dahik's resignation two weeks ago, which some groups interpreted as disloyalty.

Moreover, at a time in which Dahik's detractors have announced that they will demand his extradition from Costa Rica so that he may serve his sentence, chief prosecutor Fernando Casares said that it is yet to be

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

established whether Ecuador and Costa Rica have an extradition agreement.

Economic Officials Concerned Over 'Crisis'

PY1210125495 Madrid EFE in Spanish 0602 GMT 12 Oct 95

[FBIS Translated Text] Quito, 12 Oct (EFE) — Representatives of the Ecuadoran economic and ecclesiastic sectors have voiced their concern over the political crisis shaking the country, which worsened with the warrant of arrest against Vice President Alberto Dahik, who submitted his resignation during the past few hours and boarded an aircraft for an unknown destination.

A few hours prior to the rapid development of events, Andres Perez, president of the Quito Chamber of Commerce, said that "the Quito Chamber of Commerce views what is happening with great concern."

Perez warned about the economic consequences of the political crisis, and said that "it is hard to believe that a situation such as the one that is developing will not harm the normal development of business."

In statements to Radio Quito, he asserted that "there are not enough guarantees to make new investments, and there is not the appropriate climate to create new jobs."

In addition to making an appeal "for calmness in the country," Perez asserted that the latest developments "only increase the prevailing uncertainty, and lead us to believe that it is quite unlikely Ecuadoreans will be willing to continue contributing to national development."

He recalled that the productive sector "was already experiencing hard times due to the energy crisis," caused by a drought lasting more than two months, which has resulted in the rationing, up to eight hours per day, of the power supply at a nationwide level.

Bishop Jose Mario Ruiz, president of the Ecuadoran Episcopal Conference, said that although "it is very, very positive that those occupying high-level posts be required to comply with the law," it is negative if justice is administered "passionately and with a feeling of revenge," because it then becomes unjust."

He said that although Carlos Solorzano, president of the Supreme Court of Justice [CSJ], "must have his reasons" for issuing such orders against Dahik, they seem "hasty." Therefore, he demanded "judicial calmness."

The ecclesiastic leader recalled that Ecuador is experiencing a pre-electoral campaign that will culminate next year with a change of government, and said that "the hasty manner in which things are being done gives the sense of political passion."

He praised the fact that Dahik "dared to say what all Ecuadoreans knew: That some judges and deputies had yielded to blackmailing," a daring act that led to the initiation of impeachment proceedings against him in Congress on charges of alleged bribery and crimes harming national dignity. Dahik was finally acquitted of these charges on Friday, 6 October.

The vice president submitted his resignation to Congress after learning that a warrant of arrest had been issued against him by the CSJ president within the framework of the penal trial he is facing under charges of alleged embezzlement of discretionary funds for the vice presidency.

Conservatives Resign Public Posts

PY1210151295 Quito Voz de Los Andes in Spanish 1200 GMT 12 Oct 95

[FBIS Translated Text] Yesterday the Conservative Party of Ecuador announced that they will resign from all the public posts they hold but will continue to uphold the changes implemented by their fellow partisans, especially Alberto Dahik.

During a news conference, the conservatives insisted that Alberto Dahik will prove he is innocent in the penal trial he is facing under charges of embezzlement of discretionary funds.

The conservatives believe the chief of the [name indistinct] cartel, Leon Febres Cordero, who was uncovered during the impeachment process and now must be morbidly celebrating the vice president's resignation, is responsible for the warrant of arrest.

Dahik Communique on 'Persecution'

PY1210130595 Quito Voz de Los Andes in Spanish 1235 GMT 12 Oct 95

[FBIS Translated Text] It has been confirmed that Vice President [as heard] Alberto Dahik is out of the country. It is not precisely known in which country, but he is out of the country. He is also requesting political asylum because, according to him, he is a victim of a political persecution.

Ecuadoran Vice President Alberto Dahik, who yesterday resigned from his post upon learning about the preventive arrest warrant issued against him for presumed unlawful use of state discretionary funds, has stated that he is a victim of political persecution.

In a communique issued early this morning, Dahik claims to be a victim of a type of political persecution, one of the many which have taken place in the country, and which are the cause of his rejection in the country.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The communique states: For three years and two months, I have loyally served the country, the government, and the president of the Republic, Sixto Duran-Ballen. I was unjustly submitted to impeachment proceedings, and I have clearly demonstrated that there was no legal basis for an impeachment.

As is known, last Friday Dahik was acquitted by the national Congress during impeachment proceedings based on the charges of presumed bribery and violation of national honor.

It has thus been confirmed that economist Alberto Dahik is out of the country and requesting political asylum.

Dahik Seeking Asylum in 'Friendly Country'

PY1210143195 Madrid EFE in Spanish
1340 GMT 12 Oct 95

[FBIS Translated Text] Quito, 12 Oct (EFE) — Carlos Larreategui, public administration secretary general, said today that Ecuadoran Vice President Alberto Dahik, who resigned yesterday after a warrant of preventive custody was issued against him, is "seeking political asylum in a friendly country."

During an interview with the Ecuadoran television channel Ecuavisa, Larreategui said that "in the next few hours, Vice President Alberto Dahik will obtain political asylum in a friendly country."

Larreategui said he did not know whether Dahik already is "in that friendly country," or whether he has sought asylum at the embassy of that country accredited to Ecuador.

Larreatigue said: "All I know is that he is seeking political asylum." The public administration secretary general made this comment at a time when Dahik's whereabouts have been unknown since yesterday after Carlos Solorzano, president of the Supreme Court of Justice, issued a warrant of arrest against the vice president within the framework of the penal trial he is facing.

Nebot: Dahik Request 'Inappropriate'

PY1310001495 Madrid EFE in Spanish
2028 GMT 12 Oct 95

[FBIS Translated Excerpt] Quito, 12 Oct (EFE) — Jaime Nebot, signaled by the polls as the favorite presidential contender to succeed Ecuadoran President Sixto Duran-Ballen next year, has said that it is inappropriate for Ecuadoran Vice President Alberto Dahik to request political asylum "because he is a criminal sought by the courts." Dahik today requested political asylum from the Costa Rican Government.

Nebot said: "Political asylum should be granted to people who are being politically persecuted, and not to someone like Dahik who is a criminal sought by the courts." The Ecuadoran courts yesterday ordered Dahik's detention but he was able to escape to Costa Rica aboard his own plane.

Despite being a fugitive of the law in Ecuador, Dahik legally continues to be the vice president until legislators decide on the text of his resignation on 16 October and elect his successor. [passage omitted]

Alarcon Calls Session on Resignation

PY1210220395 Quito Voz de Los Andes in Spanish
1700 GMT 12 Oct 95

[By Loida Carriel from Congress]

[FBIS Translated Excerpt] Congress President Fabian Alarcon has called Congress to a special session at 1600 on Monday, 16 October to allow the 77 congressmen to learn the reasons for Vice President Alberto Dahik's resignation.

Alarcon has asked for national unity at this time, and added that the national Congress will deal with the current situation accordingly. He added that this special session will be held exclusively to learn the reasons for the resignation of economist Dahik, and that the individual who will assume the post of Ecuadoran vice president will be known after another session to be called at a later date.

[Begin recording] [Alarcon] After talking with several leaders of the legislative branch, I am convening a special session of Congress at 1600 on 16 October with the sole purpose of learning about the resignation of Vice President Alberto Dahik. The country needs stability, and Congress must act in a serious and expeditious manner. There can be no indefinite power vacuum, and for this reason I have called a special Congress session as soon as possible. This session has been slated for Monday at 1600, to discuss the issue I have just mentioned.

[Unidentified reporter] [Words indistinct] will you assume the Vice Presidency?

[Alarcon] When Congress accepts the resignation tendered by the vice president of the Republic, I will study the legal provisions to see whether I have the obligation to temporarily or transitorily assume the functions of the vice president, in my capacity as president of the National Congress, until Congress designates the definite vice president who will fulfill the term granted by the Ecuadoran people until 10 August 1996. [end recording] [passage omitted]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Congress President Fabian Alarcon has announced that he will seek a dialogue with President Sixto Duran-Ballen to appoint a new vice president as soon as possible.

Alarcon said he will not allow the meddling of the executive branch in the appointment of the new vice president because, according to the Constitution, Congress is the only body entitled to elect the new vice president.

[Being Alarcon recording] I would like to stress that although it is not mandatory for Congress to hold a dialogue, we will definitely seek a dialogue so that we may appoint a new vice president.

However, this dialogue has to be broader. It cannot encompass solely those issues that are of interest to the president but must also include issues that are of national interest, such as the enforcement of the decree on discretional funds. [Words indistinct] Congress members. [end recording]

Although the Constitution establishes that it is up to Congress to appoint a vice president on the basis of a roster of names to be drafted in Congress, Conservative Party Deputy Freddy Bravo has warned Congress that the executive branch will not accept someone outside the administration to be appointed vice president. He added that the executive branch has warned the country and Congress that it will not tolerate this.

[Begin Bravo recording, in progress] ...to speak on these terms. We must have a roster. We cannot elect a new vice president under any other circumstance.

[Question indistinct]

[Bravo] But Congress has decided otherwise. Congress approved a new text. It approved...

[Questions indistinct, interrupting]

[Bravo] ...it approved it four months ago. Moreover, in a deceitful manner, which is now making us have second thoughts, it has not submitted the text to the executive branch for its publication in the official newspaper. Does this mean that Congress was trying to set up the proper scenario for the appointment of a new vice president four or five months ago? This is what the current situation makes us think.

[Question indistinct]

[Bravo] It is only up to the president to make this decision in view of a very logical fact: If any Ecuadoran citizen is allowed to choose his running mate, how can it be that a president cannot choose his own running mate?

Those who are coveting the vice presidency to try to supervise the country can take this idea out of their minds. [passage omitted] [end recording]

PID: Decree on Accounts 'Unconstitutional'

PY1310001295 Madrid EFE in Spanish
1832 GMT 12 Oct 95

[FBIS Translated Excerpt] Quito, 12 Oct (EFE) — The Ecuadoran Democratic Left Party [PID] submitted a claim declaring unconstitutional the decree which makes President Sixto Duran-Ballen the sole custodian of the discretionary funds being investigated by the courts.

Upon submitting the claim before the Court of Constitutional Guarantees, PID Deputy Italo Ordonez said that this decree "violates the law, the Constitution, and categorically interferes in the administration of justice." [passage omitted]

Ordonez has requested Antonio Neira, acting president of the Court of Constitutional Guarantees, to "grant priority precedence to the claim in view of its political and economic relevance."

Moreover, Neira promised to treat the claim "in strict compliance with the Constitution."

According to media reports, President Duran-Ballen today summoned an urgent cabinet meeting to assess the crisis affecting Ecuador.

In a live message to the nation broadcast over radio and television to the entire country on 11 October, Duran-Ballen expressed his solidarity with the vice president who on 6 October was acquitted from a motion of censure of Congress on charges of alleged bribery and violation of national honor.

President Names New Government Minister

PY1310011295 Quito Voz de Los Andes in Spanish
2319 GMT 12 Oct 95

[FBIS Translated Excerpt] Upon his installation by President Duran-Ballen during a ceremony at government house this afternoon, Javier Ledesma, the new minister of government and police, requested Ecuadoran civilian and political groups to achieve dialogue and consensus as was demonstrated during the plebiscite.

Ledesma said he trusts Ecuadorans will achieve this consensus and that he will make efforts to safeguard the democratic system. He promised to hold a clean election process and that he will contact all Ecuadoran civilian and political groups.

[Begin Ledesma recording, in progress] ...because of the faith I have in the Ecuadoran people, I am convinced that this consensus is perfectly feasible.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Our goal is to safeguard democratic institutions which have been put to the test several times. To safeguard it even during difficult times because it is in difficult situations that the character of individuals are put to the test.

The safeguarding of democratic institutions also entails the holding of clean elections through which the Ecuadoran people will elect a president of their choice at the end of this administration.

We will engage in dialogues with everyone because I will contact all groups. I will contact political groups, which despite being currently under attack, play a preponderant role in our country. I will contact all political parties, both friend and foe. I will discuss and exchange views with all Ecuadoran political groups, either big or small, because in this world no one is unimportant.

I will also contact civilian groups because today more than ever before civilians play a very important role in our society. These civilian groups comprise Indians, workers, farmers, charity organizations, the different association chambers, and the majority of the country.

Furthermore, I will contact all social groups because I am absolutely convinced that if we cannot learn to negotiate with both civilian and political groups, we will never find proper solutions to Ecuadoran problems. [end recording]

That was Javier Ledesma, the new minister of government and police, who was sworn in this afternoon during a ceremony at government house.

Lawyer Javier Ledesma replaces Engineer Abraham Romero, who resigned from his post this week. [passage omitted]

In the speech he delivered during the installation ceremony of the new minister of government and police, President Duran-Ballen said that the ruling against former Vice President Alberto Dahik had political but not legal grounds.

Duran-Ballen thanked outgoing Government Minister Abraham Romero and invited him to continue cooperating with the government in some other post.

Once again, President Sixto Duran-Ballen appealed for national unity, saying: What is more important for us, the country or scandals and negative issues? He also urged the people to be more positive.

[Begin Duran-Ballen recording, in progress] ...We need the cooperation of the entire country. The members of the media who are here today will play an important role in the next 10 months. Particularly in the next few months in which we will be submerged in a political process.

During this political process the members of the media will have to decide what is more important for the future of the country — not the future of this administration — whether to continue promoting scandal, violence, division among brothers, or to seek the unity of the nation which I have repeatedly sought; to enforce the political moratorium I have sought so much.

This country cannot achieve development through distortions or the stressing of negative issues; but by stressing the positive and generous spirit of Ecuadorans so that together we may help build the better nation we all aspire to achieve.

Thank you very much. [end recording] [passage omitted]

Army Commander Denies Alleged Coup Threats

PY1310011895 Madrid EFE in Spanish
2327 GMT 12 Oct 95

[FBIS Translated Text] Quito, 12 Oct (EFE) — General Paco Mocayo, the Ecuadoran Army commander in chief, has denied international press reports that the Armed Forces of his country threatened to stage a coup to pressure the resignation of Vice President Alberto Dahik. He said the military behavior was "exemplary."

In statements to the "Ecuadorradio" network, Moncayo said that "the Armed Forces have made an extraordinary contribution, with an exemplary civic behavior in such difficult circumstances."

Moncayo added that the example "of the Armed Forces, respecting the law and the institutions, should encourage every one of us to adopt the same attitude, so that we may get the best results from this experience."

Press reports datelined Costa Rica quoted Costa Rican Deputy Foreign Minister Rodrigo Carrera as saying that he was informed about the possible coup threats received by Ecuadoran President Sixto Duran-Ballen, to force the vice president's resignation.

Dahik arrived early on 12 October to the Costa Rican capital, where today he asked for political asylum after learning that the courts had issued a warrant for his arrest, in a trial in which he is facing charges of alleged corruption.

The vice president's resignation, Moncayo; added, "should in no way be an obstacle to the government work, but an encouragement and a challenge, so that in the last 10 months of his government term, our president may write a nice page of work at the service of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the people, showing the same leadership he displayed during the military conflict with Peru at the beginning of the year."

Also, he went on, "leaving the country in the best possible condition for his successor, who will be elected" in the general elections in 1996.

"This new political test should serve for strengthening the country, its institutions, and democracy," he reiterated.

Paraguay

Gen. Lino Oviedo Compared With Gen. Colin Powell

PY1310020695 Asuncion ABC COLOR in Spanish 24 Sep 95 p 16

[Commentary: "The Candidate General and the General Candidate" by Ricardo Caballero Aquino from Maryland, United States]

[FBIS Translated Text] General Colin Powell, who at one time was a military man, is in the race for the presidency of his country. General Lino Cesar Oviedo is an officer who wants to be president as soon as he can, and if possible without retiring — which is difficult but not impossible in a country where Generals Higinio Morinigo and Alfredo Stroessner, two very mediocre people, were presidents for a long time.

To enter the political arena in his country, General Powell must write a book on his military memoirs and then go out and promote it throughout his country and thus find out the level of acceptance of his possible candidacy. He is accused of being an unknown whose main ideas are still an enigma for the electorate, who does not know even to which party he belongs. He invariably answers: "It must not be forgotten that up to two years ago I was a military man on active service, and therefore I was banned from carrying out any type of political activity. I have always had political opinions, but they are mine and I was never allowed to disseminate them."

On the other hand, Oviedo does not waste an occasion to make known his political inclination, his ideological tendency, or his party membership. He has overseen debates on strategy of more than one election. He has met with government delegates at the Interior Ministry, and on each occasion used ecclesiastic phrases over and again to explain that the Colorado Party is an evil that could last for more than 100 years. When confronted with the recording of a political meeting, he said that it was a "private" meeting. What, right there in the Interior Ministry?

In spite of all these contrasts, both Gen. Powell and Gen. Oviedo are genuine political alternatives for their societies. Powell wants to offer a democratic leadership on the lines used by his predecessor General Dwight Eisenhower, who was elected in 1952, and this is why he is proud that they refer to him as "the black Ike." Oviedo also sublimely uses a model of a possible predecessor, and it does not bother him when he is referred to as "the man who will impose order, peace, and progress as Stroessner did in 1954."

The differences between Powell and Oviedo cannot be more antithetical. While the American boasts he has respected constitutional restrictions, Oviedo espouses everything to the contrary, that the law is a mere and vague referent that can be sidestepped. And, that is where Paraguay's tragedy lies.

Thus, instead of comparing ourselves with the United States, we should be compared with Nigeria, where a remorseful former foreign minister, Botaji Akinyemi [name as published], from his exile now laments having sent a letter in 1993 to General Sani Abacha, the current dictator, to take charge of the government "and thus save the country from imminent disintegration."

Literature Professor Akinyemi, who is a democrat today, laments the fact that "I only asked General Abacha to pull a tooth for us, but from the seat of power he carried out brain surgery.

This is the problem of Third World generals. Once they put on the uniform of a surgeon, the patient never knows where the scalpel will strike next.

Banks Issue Guidelines To Control Money Laundering

PY1210181095 Asuncion ABC COLOR in Spanish 10 Oct 95 p 2

[FBIS Translated Text] The Chamber of Paraguayan Banks and the Association of Paraguayan Banks yesterday presented a document signed by their respective presidents entitled "Norms of Behavior and Banking Practice To Prevent the Laundering of Money Derived From Drug Trafficking." The document is a valuable instrument produced by the private banking system establishing norms and procedures to fight the laundering of drug trafficking money in our country.

The two bank officials presented the document during a ceremony at the Centenario Club that was attended by President Juan Carlos Wasmosy and high-ranking government officials.

The innovative document constitutes an entirely new approach to the problem in the continent. It establishes

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

a program to fight money laundering that adds to the government commitment to create efficient instruments to face this type of illegal monetary activities by promoting the legalization of all financial movements, harmonizing control policies and mechanisms, and giving consistency to all preventive efforts implemented by the local financial system.

Basically, the manual on proceedings based on local experiences and the advice of countries committed to the same goal recommends some indispensable actions to detect possible attempts to place "dirty money" in our market.

Among the most outstanding recommendations is an item advising financial agents to adequately know clients and their activities to prevent the use of financial agencies as intermediaries to dispose of the money contaminated by drug trafficking. The document suggests the use of "transaction parameters" to determine whether the money that is being mobilized maintains an acceptable relation to the type of activity that generated those resources and to ascertain whether the client is deliberately trying to disguise an illegal investment.

The manual says it is important to classify the type of transactions and instruments that must be controlled, such as deposits, withdrawals, bills exchange (large denomination bills for small denomination bills or vice versa, U.S. dollars for other countries' currencies), other payments or transfers, the payment or cashing of financial instruments in cash, etc. because these instruments are used "to launder" money of doubtful origin.

The document emphasizes the implementation of routine procedures to control transactions.

The document also recommends that financial companies' personnel be adequately trained, putting all the technical and financial information available at their disposal so that they can effectively help fight money laundering.

"We are here to talk about these norms. They are already known by the public. We hope these norms will encourage our members to cooperate and exchange ideas and experiences among themselves," Gustavo Marin Garat, president of the Paraguayan Banks Association said when explaining the norms main characteristics.

The bank official said that the purpose is to prevent the entry of money produced by drug trafficking into the legal money circuit, which stains the institution's honorability, undermines public trust, and places the institution's future at risk.

Evelio Gonzalez Perez, president of the Chamber of Paraguayan Banks, said: "The acceptance of this group of norms supposes that our associations will incorporate a code of ethics and standard of behavior that will require that we make a greater commitment to build a society in which financial agents cooperate freely and in equal conditions."

President Wasmosy Pleased With Plan

PY1310015995 Asuncion ABC COLOR in Spanish 10 Oct 95 p 2

[FBIS Translated Text] President Juan Carlos Wasmosy yesterday regretted the "unfair" fact that our country is considered a nation with a narcotic problem. The president said drug trafficking "is a danger hanging over Latin American democratic processes" due to the corruption it provokes. He asked bank officials to maintain high moral standards. These remarks followed a ceremony to present the document on norms to fight money laundering in the country that was held at the Centenario Club shortly after midday.

"I congratulate the Paraguayan Banks Association and the Chamber of Paraguayan Banks for the initiative. I appreciate this effort greatly," the president said referring to the banks meeting.

Wasmosy emphasized bankers's efforts, "which is a really innovative effort. I think the document will help minimize at least part of the danger on our democratic processes," the president told reporters.

"Let us hope individuals with high moral standards and conscientious bankers will cooperate with these norms that they have so well designed," Wasmosy said.

The president recognized that it is very difficult to control those in charge of controlling, but made it clear that his government will fight money laundering as much as possible. Asked about U.S. cooperation for this fight, Wasmosy said his government is discussing the issue with U.S. officials, seeking to increase that assistance.

The president said General Jose Tomas Centurion, head of the National Antinarcotics Secretariat, is now visiting Washington seeking a larger U.S. presence in the fight against trafficking.

Gustavo Marin Garat, president of the Association of Paraguayan Banks; and Evelio Gonzalez Perez, chairman of the Chamber of Paraguayan Banks spoke during the ceremony. There was a slide show and then officials signed the documents containing the guidelines.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Uruguayan Central Bank Breaks Off Relations With Paraguay

PY1310013595 Asuncion ULTIMA HORA in Spanish 10 Oct 95 p 10

[FBIS Translated Excerpt] The Uruguayan Central Bank has suspended all bank operations with our country under the ALADI [Latin American Integration Association] Reciprocal Credit and Payments Agreement. The measure was provoked by a bilateral conflict with the Paraguayan Central Bank [BCP] after the discovery of false transactions. High-ranking BCP officials characterized the move as "arrogant." Uruguayan officials told BCP Chairman Dionisio Coronel of their decision to interrupt all commercial operations under the ALADI agreement. The measure will provoke the suspension of all deals between local and Uruguayan banks involving payment orders, nominal money mailing, credit letters, documentary credits, and notes and IOU's derived from commercial activities. The measure also shows the reluctance of Uruguayan Central Bank authorities to recognize the illegality of bank operations negotiated between Bancopar, Inc. and Bancosur, Inc. with Uruguayan banks that directly hurt the BCP, which will have to pay "an illegal debt" of $26 million. German Rojas, BCP international operations manager, said: "The interruption of operations was more or less the result of a mutual agreement but that does not mean we will not continue to insist on the return of paid credits." The value of the irregular operations exceed $26 million, and the BCP already paid $12 million to its Uruguayan counterpart. [passage omitted]

Foreign Minister on Attempted Swindle by Foreign Banks

PY1310013895 Asuncion ULTIMA HORA in Spanish 4 Oct 95 p 26

[FBIS Translated Text] Paraguayan Foreign Minister Luis Maria Ramirez Boettner has reported that the Paraguayan Government has informed the EU of an attempted swindle against the Paraguayan State by 10 European and U.S. banks that are trying to collect a fraudulent debt contracted by Gustavo Gramont Berres [a swindler who is being held in the Tacumbu Penitentiary in Asuncion] on behalf of the citrus companies Rossi Inc. and Lapachos San Isidro Inc. The Paraguayan foreign minister reported this during the 50th UN General Assembly in New York.

Ramirez Boettner indicated: "I have filed this report in writing, involving a very long memorandum for the EU. We want to report this huge fraud to the entire world. It involves an attempted claim on something fraudulent."

Reporting on the opinion of EU representatives on this controversial case, the Paraguayan foreign minister said: "They believe it is incredible." During his speech at the United Nations, Ramirez Boettner asked the international community to provide more assistance for our development.

Peru

PRC's Li Peng Meets Congress President

PY1210161695 Lima America Television Network in Spanish 0100 GMT 12 Oct 95

[Announcer-read report over video]

[FBIS Translated Text] [Speakers identified by screen caption, with exception of the minister in charge of the PRC State Planning Commission] Economic and commercial relations between Peru and the PRC are experiencing a very good moment, and there are good prospects for expanding them in the next few years.

This was the idea exchanged by Peruvian and Chinese businessmen over a working breakfast, during which they discussed several aspects of bilateral trade. Foreign Minister Francisco Tudela presided over the meeting.

[Video shows Chen Jinhua, minister in charge of the PRC State Planning Commission, speaking; his remarks in Mandarin are not translated into Spanish] He is the minister in charge of the PRC State Planning Commission. He was speaking about the Chinese reform and opening policy during the working breakfast in which no fewer than 60 Chinese businessmen and as many Peruvians participated. Also present were the PRC deputy minister of foreign trade and economic cooperation and the Peruvian deputy minister of mining.

At that meeting, they discussed subjects related to the current economic-commercial relations between the two countries, which are at a peak level. For the Chinese businessmen, who comprise Premier Li Peng's retinue, Peru has a number of investment and commercial development possibilities. According to Peruvian representatives of the business area, the visit by this important Chinese entrepreneurial group is very positive given the importance of their market and their purchasing power.

[Begin recording] [Juan Pendavis, president of the Exporters Association — Adex] It is a privilege to have these high-ranking Chinese business representatives visit. As you know, they are not people who travel frequently, and for us this is very significant, primarily in two main aspects. First, concerning exports, you know that China is a country with more than 1 billion inhabitants with many needs, and this is an excellent

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

opportunity for the development of Peruvian manufacturing exports.

[Eduardo Farah, president of the National Industries Association — SNI] We have heard the Chinese minister expressing interest in investing in the mining area; namely, in copper mines. I think this is very positive. In addition, they are investing in petroleum; they are already doing so in Talara. We Peruvian businessmen can sell raw material to China, including fishmeal. China is also facing a problem concerning cotton. Its cotton harvest has been very low, and I think they are also interested in purchasing cotton products. [end recording]

The meeting was chaired by Foreign Minister Francisco Tudela. He said that China ranks fourth among countries of the world in terms of imports of Peruvian products, and is the largest market for Peruvian fishmeal. He added that investment in our country offers not only the advantages of an open economy with stable rules, but also offers the geographic proximity of other subregional and regional markets. He added that the Peruvian Foreign Ministry will promote the establishment of a binational committee for the 21st century, in order to strengthen bilateral ties in all fields:

[Begin Tudela recording] At this moment there are some products exported to China that must be increased. This means that the level of products exported to China must be increased. Moreover, the trade balance with China is not even and this means that Peru must seek new opportunities to export manufactured products to China and import Chinese products. [end recording]

This afternoon Chinese Premier Li Peng visited the Peruvian Congress, where he was welcomed by Congress President Martha Chavez Cossio. Later, both Chavez and Li met for one hour to discuss matters of common interest.

During the third day of his official visit to Peru, Li Peng went to the legislative palace to extend official greetings to Congress President Martha Chavez Cossio. There he was welcomed by the official congressional committee: Martha Chavez, Congress Vice President Victor Joy Way, and other military and civilian officials. The Chinese premier spent more than an hour in the office of the Congress president discussing several matters of common interest. At the end of the meeting, the Congress president referred to the struggle of the two countries with regard to the issue of poverty:

[Begin Chavez recording] We are countries with a common destiny and with common interests, and today we are at the peak level in terms of our relations of friendship and cooperation. I believe the two countries can attain many good things for their peoples by working in a joint manner. For this reason, the president of the Republic has decided to increasingly strengthen relations with the PRC. [end recording]

With this visit to the national Congress, Li Peng concluded the program of official activities for the day in Lima. Tomorrow, the PRC premier will leave Peru to continue his tour of several South American countries.

Report: IMF Policy Causing Recession, Unemployment

PY1310001895 Lima LA REPUBLICA in Spanish 28 Sep 95 p 21

[By Victor Medina Calderon]

[FBIS Translated Text] The implementation of a short-term ultraliberal economic policy and the lack of an appropriate and real medium-term economic program will cause a taxing economic and financial situation that particularly affects the fishing, industrial, agriculture, and construction industries and also some mining products.

After experiencing a positive trend during several quarters (according to official spokesmen) production will almost certainly decrease during the second half of the year. On the basis of estimates, most analysts, executives from important companies, and researchers agree that during the April-September period the GDP will fall.

As a result of the ban decreed by the government, the fishing sector devoted to the fishmeal industry has cut its accumulated production by 25 percent and frozen fish production dropped by 31.9 percent.

Agricultural activities have decreased mainly due to a 19.6-percent drop in rice production following a decrease in sowing in the coast and jungle regions; also because of a decrease in the production of sugar cane, vegetables, and other products. As a result of this, overall agricultural production dropped by 9.4 between July 1994 and July 1995.

The food industry, semi-manufactured products, and capital goods have experienced a considerable decrease in view of increased imports last year. According to official records, the most varied imported products — ranging from raw materials to semi-manufactured products, representing 9.54 percent of all imported goods; fuels, lubricants and byproducts, representing 20.5 percent; metal and synthetic products, representing over 30 percent of all imports — increased during the first months of the year.

Mining production decreased in the period from July 1994 to July 1995 mainly because of a decrease in the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

production of lead by 0.5 percent; zinc by 10.9 percent; iron by 25.2 percent; and oil by 6.5 percent.

In general terms, from May to July 1995, the overall GDP dropped by 7.5 percent.

When the GDP growth percentage totaled 13.5 percent in 1994, government leaders, particularly President Fujimori and Economy Minister Camet, tried to downplay the effects of the economic readjustment implemented in September 1990 and the successive series of increases of public utility and consumer good rates (unemployment, extreme poverty, a decrease of the real salary, the abandonment of agricultural and livestock industries; and high interest rates). They tried to prove that everything was fine and did not explain the real extent of the strategy and terms that formed the base of the letter of intent signed with the IMF.

Now the third quarter of the year has elapsed there is no reason to believe today that changes are imminent. Most production areas have experienced a drop compared with the levels of July and December 1994. The service sector is also experiencing a drop...

Even though the administration is betting that the economic indicators will improve as a result of a strong promotion of the construction industry and the reactivation of credit, there are very few specific tools available.

IMF experts have imposed certain conditions on the government which must be fulfilled:

1. To extend the cooling of the economy until the GDP achieves a 6-percent growth in 1995. This is 7.5 percent less than that of 1994.

2. To halt public works construction programs that benefit low- income groups.

3. To declare a salary freeze on public workers and not to readjust pensions.

4. To raise the General Sales Tax (IGV) from 18.0 percent to 19.0 percent.

The impact of the economic adjustment is obvious to all Peruvians because the government is lying when it alleges that there is less poverty. On the contrary, it has increased by the same proportion as unemployment.

The IMF intends to strangle monetary liquidity which means that the dollar rate will not go up (thus affecting exports) and illiquidity will increase (increasing credit interest rates for production).

Instead of adopting an inflexible stance, the government has adopted more of a submissive attitude in the renegotiation of the foreign debt, yielding to an ultraliberal economic model implemented in the last century. This resulted in a hike in interest rates and an expected economic recession. The debt is increasing more and more (from $19 billion in 1990 it has grown to over $26 billion by September 1995) even in real terms. If we make a projection in view of the current situation, by 1996 we will be worse off than today. Moreover in two years time, we will be even worse.

Interest rates are kept high so as to prevent a reactivation of the economy but to continue the slump — as warned by the IMF — by maintaining a commercial surplus through low imports and high interest rates.

Popular Action Party Elects New National Secretary

PY1210234695 Lima EXPRESO in Spanish 1 Oct 95 p 5

[FBIS Translated Excerpt] During a special meeting attended by its founder, Fernando Belaunde Terry, the Popular Action [AP] party yesterday renewed its national leadership. Jorge Diaz Leon was elected as the new AP national secretary. He replaces Raul Diez Canseco.

Diez Canseco announced that he is withdrawing from all leadership posts to fully devote himself to his business activities. Diez Canseco was partially estranged from his business activities in the two years he headed the AP national secretariat and during the recent presidential campaign. [passage omitted]

Uruguay

Poll: Sanguinetti's Popularity Wanes, Mayor Arana's Rises

PY1310005995

[FBIS Editorial Report] Montevideo EL OBSERVADOR in Spanish on 4 October, on pages 6 and 7, under the heading "Opinion on the Sanguinetti Administration Continues to be Highly Critical," carries an 800-word copyrighted article on the results of a public opinion poll conducted by Equipos Consultores Asociados. The nationwide poll of 1,000 persons between 14 and 22 September showed that the president's popularity is steadily deteriorating. Some 51 percent of the survey disapprove of the Sanguinetti administration while 21 percent approve. The August survey gave President Julio Maria Sanguinetti a 43 percent disapproval rate against a 23 percent approval rate. Equipos Consultores Asociados reported that support for the head of state was found among his fellow-party members from the Colorado Party and those who defined themselves as belonging to the Right. The Left has deserted Sanguinetti to become his severest critic, while the support for the head of state of the Center is

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

consistently waning. Despite his dwindling popularity, Sanguinetti scored a higher approval rate in his first six months in office than his predecessor Luis Alberto Lacalle, who was only approved by 18 percent.

Equipos Consultores Asociados gauged the popularity with Montevideo Mayor Mariano Arana. The public opinion survey showed that Arana has been riding high since he came to power, as all political and social groups endorsed his administration. More than half of those polled, 59 percent, approved of Arana, against 19 percent who disapproved of him. The resulting balance is the highest approval rate ever recorded by a Montevideo mayor.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.